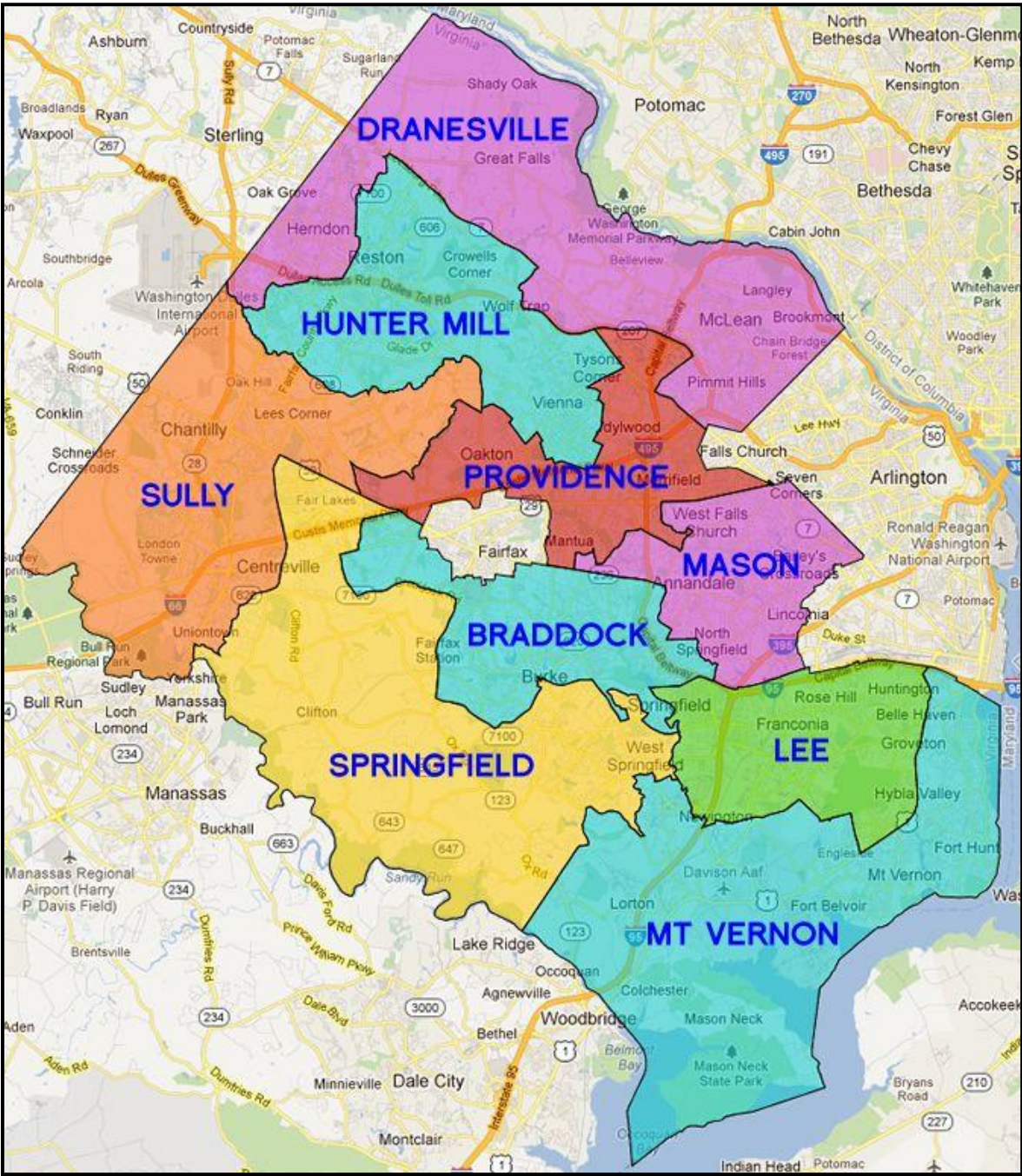


# FY2023 Approved Annual Study Plan



**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 are facilitated through various processes such; as sample selections whereby documents are selected and support documentation is requested for compliance and other testing attributes. Our audit approach includes interviewing appropriate staff and substantive transaction testing. OFPA staff employs a holistic approach to assess agencies/ departments whereby the review is performed utilizing a flow from origination to closeout for the areas under review.

There are several types of studies performed by OFPA, e.g., operational, financial, compliance, internal controls, 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 PROPOSED ANNUAL STUDY PLAN**

*(SUBJECT TO CHANGE)*

## JUNE 2022 AUDIT COMMITTEE APPROVAL FOR SEPTEMBER 2022 AUDIT COMMITTEE WORK PLAN

*Studies may extend over several quarters based on the availability of information and resources. The below mentioned study areas are not all-inclusive review processes, other areas may be included if deemed appropriate. The execution of Office of Financial and Program Audit (OFPA's) studies are 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, internal controls, 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.*

### **Study #1**

#### **Mutual Response Agreements (MRA) Police and Fire & Rescue Services:**

The Fairfax County Fire and Rescue Department is an organization of career and volunteer professionals, providing: fire suppression, emergency medical, technical rescue, hazardous materials, water rescue, life safety education, fire prevention, and arson investigation services. The County participates in mutual response and automatic dispatch agreements with surrounding jurisdictions. Under this agreement, fire and rescue services (EMS and helicopter transports) are provided in response to calls for surrounding jurisdictions. Other jurisdictions respond to calls in Fairfax County based on service needs or closest available unit. The Washington D.C. region's Fire and Rescue departments have participated in a mutual aid operation plan since January 2009. In 2021 EMS Transport Services received from the County to the other jurisdictions was 3,685. EMS Transport Services given to the County in 2021 from other jurisdictions was 1,518. Below is a 3 year trend of helicopters aid given to the participating jurisdictions under the MRA:

This study will include, (*but not limited to*) assessing the:

- MRA/Cost Absorbed/Compensation or Services from other Jurisdictions
- EMS & Helicopter Transport Billings re; Patients Subject to Fees
- Benchmark Services/Costs associated with other Jurisdictions

## Mutual Response Agreement Review

### Summary Data

<b>FCPD Helicopter Aid Given</b>			
<b>Agency</b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Prince William County	48	58	109
Virginia State Police	52	53	74
Other	20	18	25
Loudoun County	6	13	21
Arlington County	12	9	15
City of Alexandria	6	9	21
City of Fairfax	13	8	10
Town of Herndon	12	7	11
Fauquier County	0	1	14
Town of Vienna	1	4	7
Warren County	0	0	2
Stafford County	0	0	2
Culpeper County	0	0	2

<b>Agency</b>	<b>Aid Received from FRD</b>			<b>Aid Given to FRD</b>		
	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
City of Fairfax	4,445	3,117	3,685	1,557	1,359	1,518
City of Alexandria	2,640	2,972	3,376	1,804	1,694	1,783
Arlington County	2,663	2,355	2,177	2,816	2,471	2,900
Loudoun County	815	620	639	1,322	1,330	1,577
Prince William County	433	284	966	89	38	924
Ft. Belvoir	627	440	570	189	91	256
Airport Authority (MWAA)	594	324	398	185	91	108
Montgomery County (MD)	165	137	226	50	77	105
Prince George's County (MD)	21	13	27	265	147	201
Charles County (MD)	0	1	1	1	1	0



## Study #2

### Emergency Medical Services (EMS) Review

The EMS operations are managed by the Fairfax County Fire and Rescue Department (FCFRD). EMS staff provides emergency transport services to individuals in need.

Transport services are categorized into three areas with fees: Basic Life Support (BLS) - *\$500 fee*, Advanced Life Support Level 1 (ALS1) - *\$650 fee*, and Advanced Life Support 2 (ALS2) - *\$800 fee*. Additionally, a *\$12 per mile fee* is charged for miles from pick-up location to hospital. These fees remain unchanged since June 2008. Total EMS expenditures in FY17 – FY21 ranged between *~\$65.9M* - *~\$73.4M*. Total EMS revenues in FY17 – FY21 ranged between *~\$19.6M* - *~\$21.3M*.

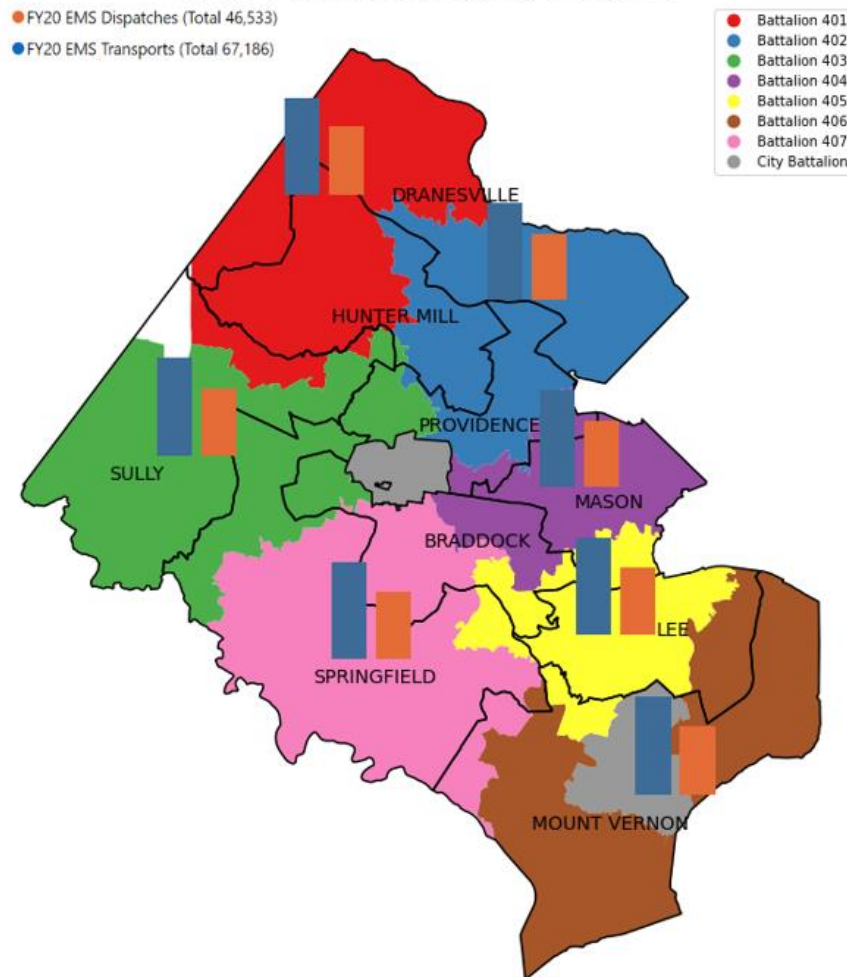
Review Areas Including (*but not limited to*):

- Incurred Transport Costs vs Billed Services
- Billed Services to Patients and Insurance Companies vs Receipts
- Benchmarking Unchanged Rates (2008)

## Emergency Medical Services (EMS) Review

### Summary of Financial Data

### EMS Fire Battalion Zones



#### EMS Revenues and Expenditures

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Total Expenditures</b>	(\$65,865,363)	(\$68,826,600)	(\$69,388,108)	(\$71,081,618)	(\$73,426,941)
<b>Total Revenues</b>	\$21,196,617	\$21,324,812	\$21,194,253	\$20,815,845	\$19,558,891
<b>*General Fund Support</b>	\$44,668,747	\$47,501,789	\$48,193,855	\$50,265,773	\$53,868,051

\*Support Assumption Based on Difference Between Expenditures and Revenues (No Supporting Grants Identified)

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JUNE 2022 AUDIT COMMITTEE APPROVAL  
FOR NOVEMBER 2022 AUDIT COMMITTEE WORK PLAN  
APPROVAL OF THE  
FY2024 WORK PLAN PROPOSAL

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FY2024 AUDIT COMMITTEE ANNUAL WORK PLAN  
*DOCUMENT COMPILATION IN PROGRESS*

**Meeting Approach**

Presentation of each Quarter's Studies

Overview of Objectives

Preliminary Graphical & Tabular Data Review

FY2024 Study Alternatives

*Two Alternative Studies are Presented*

*At*

*The End of each Work Plan Document*

*Replacement Studies are Provided*

*As*

*Alternatives if Complications are Identified*

Audit Committee and Board Auditor Q&A Session

# JUNE 2022 AUDIT COMMITTEE APPROVAL

## FOR MARCH 2023 AUDIT COMMITTEE WORK PLAN

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### **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.

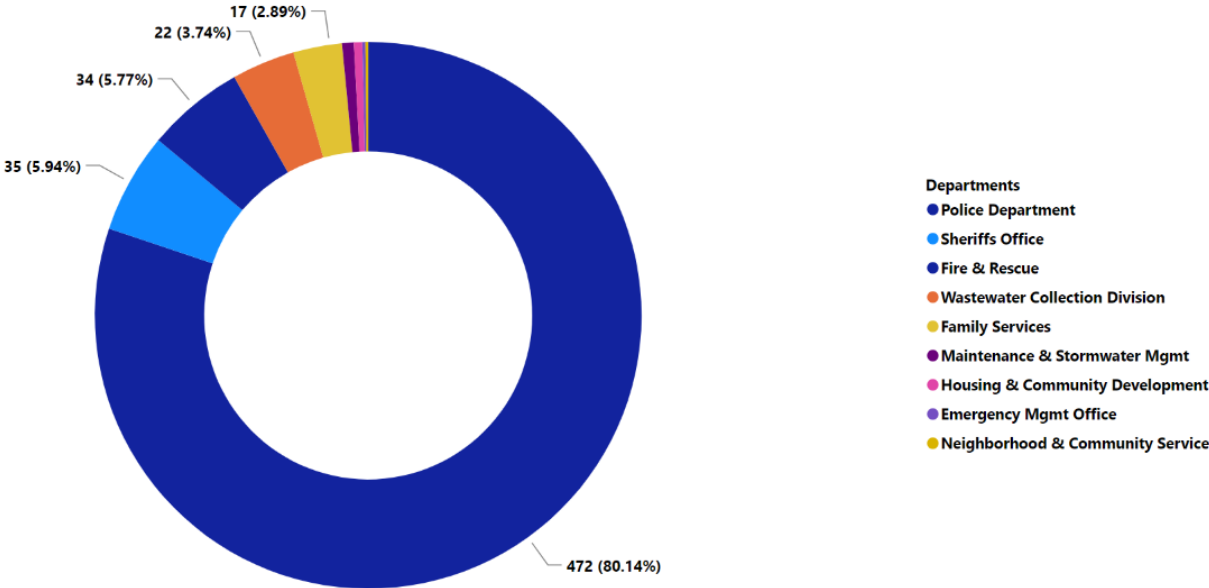
Review Areas Including (*but not limited to*):

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

# Take-Home Vehicle Fleet Utilization Study

## Summary of Financial Data

### Take Home Vehicles by Department



### Take Home Vehicles Useful Life Analysis

	Dept Vehicles Avg Years In Service	Dept Vehicles Avg Expect Useful Life In Years	(Over)/Under
Neighborhood & Community Services	2	10	8
Housing & Community Development	6	11	5
StormWater Mgmt Program	7	10	3
Police Department	5	7	2
Department of Vehicle Services	8	10	2
Sheriff's Office	4	6	2
Family Services	7	8	2
Land Development Services	6	8	2
WasteWater Mgmt Program	9	10	1
Fire & Rescue Department	7	9	1
Emergency Mgmt & Security	14	10	(4)

## Study #2

### Northern Virginia Transportation Commission County Trust Funds

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.

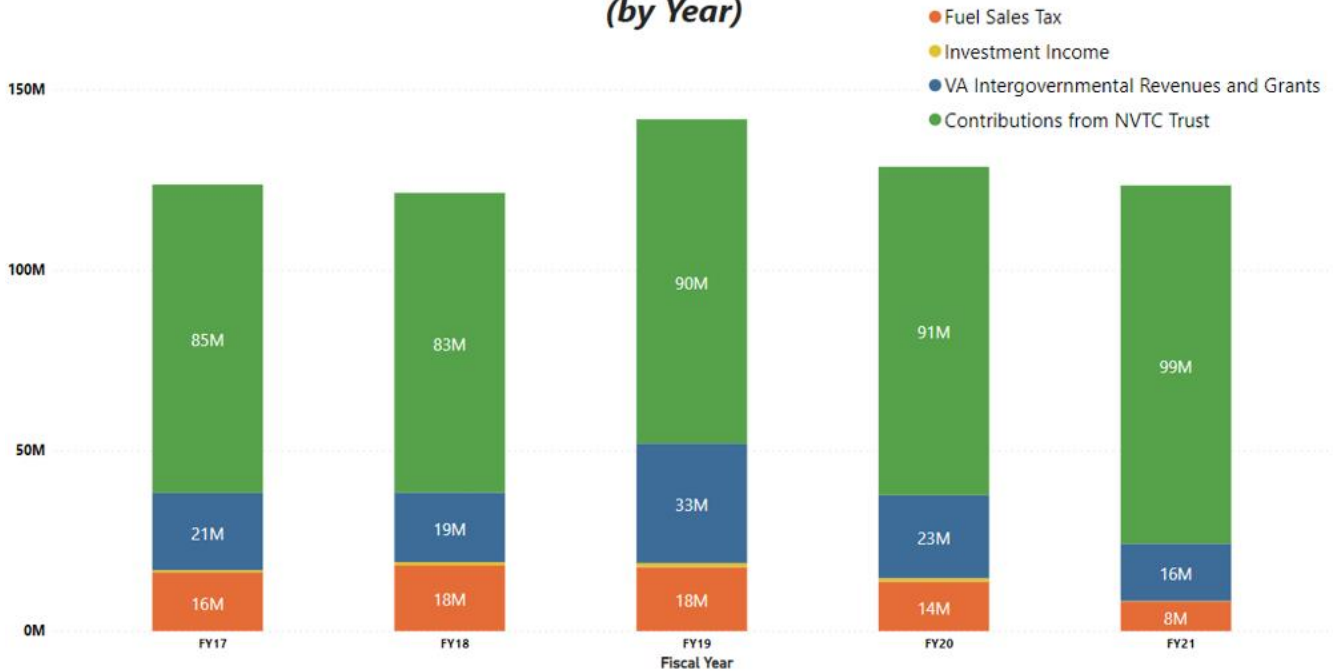
Review Areas Including (*but not limited to*):

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

# Northern Virginia Transportation Commission County Trust Funds

## Summary of Financial Data

### NVTC Trust Fund Fiduciary Net Position (by Year)



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

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



# JUNE 2022 AUDIT COMMITTEE APPROVAL

## FOR JUNE 2023 AUDIT COMMITTEE WORK PLAN

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### **Study #1**

#### **Health Department Services Review**

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.

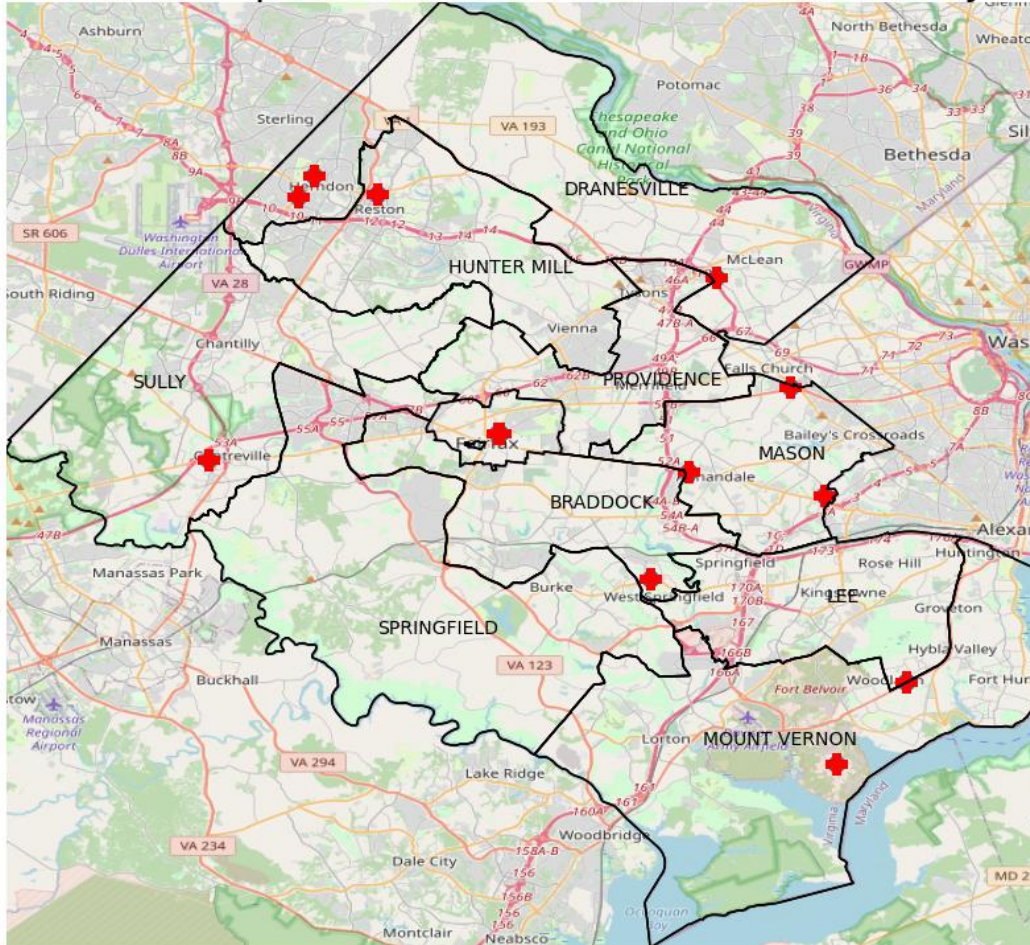
Review Areas Including (*but not limited to*):

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

# Health Department Services Review

## Summary of Financial Data

### Health Department Locations in Fairfax County



Fairfax County Health Department FY2017-2021 Revenues and Expenditures

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

### Emergency Rental Assistance (ERA) Program Funds 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 Undisbured Time-Barred Funds

# Emergency Rental Assistance Program Funds Review

## Summary of Financial Data

### FY21 ERA1 and ERA2 Fed Funding to the County Assessment

Current Fairfax ERA1  
Funding

**\$34.46M**

Potential ERA1 Funding  
Based on Population and  
State Funding

**\$77.03M**

Current Fairfax ERA2  
Funding

**\$35.10M**

Potential ERA2 Funding  
Based on Population and  
State Funding

**\$87.54M**

### ERA1 and ERA2 Funding Allocations

	Fed ERA1 Allocations Administered by the County	Fed ERA1 Potential Allocation Administered by the State	Fed ERA2 Allocations Administered by the County	Fed ERA2 Potential Allocations Administered by the State
Fed To VA Total	\$524,601,619	^\$559,065,488	\$352,843,130	^\$387,944,096
Fairfax County	\$34,463,868	*\$77,032,157	\$35,100,966	*\$87,538,408
Pop Percentage	13.78%	13.78%	20.30%	20.30%
Pop Census	Fairfax County: 1,150,847 / VA: 8,271,586		Fairfax County: 1,139,720 / VA: 5,614,698	

^Fed State Funding + Fed County Funding = Potential Fed Funding

\*Potential Fed Funding × County Percentage of VA Population

# FY2023 Alternative Study Areas



## ALTERNATIVE STUDY AREAS (FY2023)

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### ***Alternative Study #1***

#### **Fairfax County Department of Transportation (FCDOT) Grant Review**

The County receives transportation grants from both federal and state agencies. Revenues from these grants are used for a variety of transportation projects including: roadway improvements, transit and parking facility construction, and trail maintenance. Each federal and state transportation grant may have many complex requirements regarding payment methods, project timelines, and allowable costs.

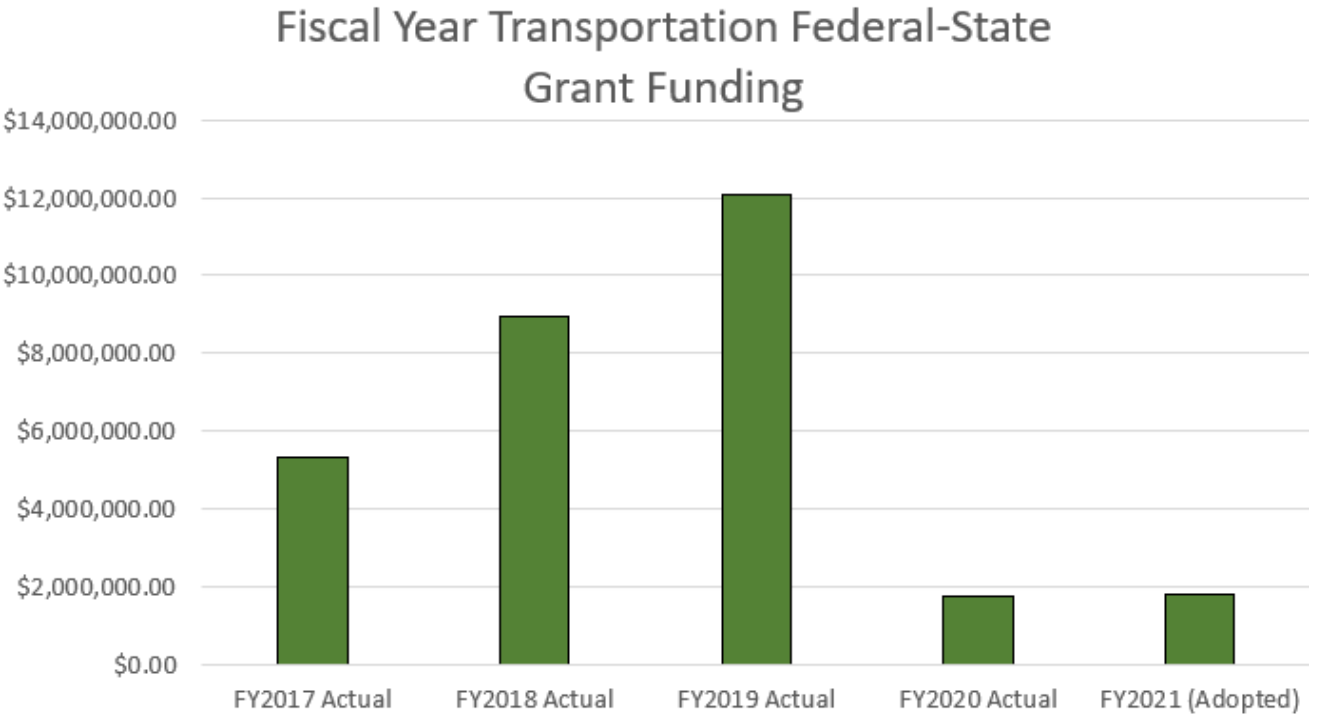
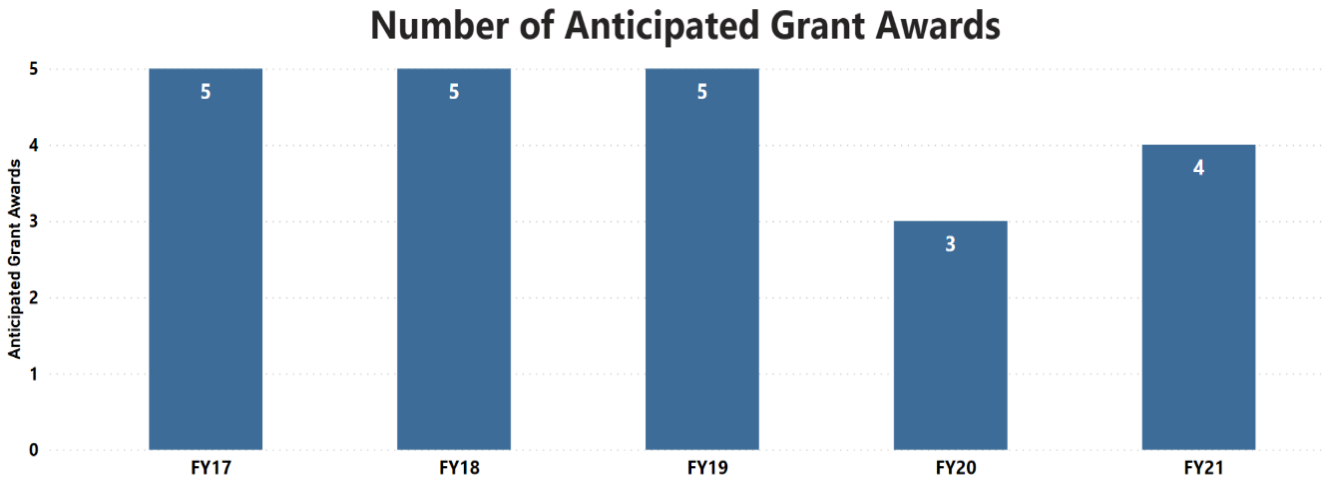
Transportation grants are typically reimbursement-based, meaning the County pays for costs related to the grant project and then submits a request for reimbursement to the federal or state grantor. Under this type of grant arrangement, it is important to identify all eligible grant expenditures and request reimbursement as soon as possible to ensure that state and federal revenues offset the costs paid for with County funds. To comply with federal audit and reporting requirements related to federal grant awards, the County prepares an annual Schedule of Expenditure of Federal Awards (SEFA) detailing federal grant expenditures for the fiscal year. Based on the FY2017 – 2021 Adopted Budgets, FCDOT has received 22 grants with a total estimated value of ~\$28.5M.

#### **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

# Transportation Grant Review

## Summary of Financial Data



## ALTERNATIVE STUDY AREAS (FY2023) *Cont'd*

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### **Alternative Study #2**

#### **DHCD Housing Programs (Affordable & Voucher):**

The County's affordable housing programs are administered by the Department of Housing and Community Development (DHCD). DHCD serves as the staff for the Fairfax County Redevelopment and Housing Authority (FCRHA). The FCRHA is a separate political body whose members are appointed by the Board of Supervisors and possesses specific powers granted by state code. DHCD also administers the Housing Choice Voucher (HCV) Program which is a federally funded program designed to assist low-income families with their housing needs. Participants in the HCV program receive assistance to rent private market apartments. Participants find their own apartment, condominium, townhouse or single-family homes. Participants pay approximately 30-35% of their adjusted income towards rent, which is paid directly to their landlord. The FCRHA pays the balance to the landlord. The Division Director is responsible for program planning, oversight, and management of the Housing Choice Voucher program, including the project-based voucher functions. Please see details below:

Housing Authority Function	# of FCRHA Units	Total HCD Staff	FCRHA Units Per Staff	# of ARHA Units*	Total ARHA Staff*	ARHA Units Per Staff*
HCV, including subsidy management for PBV and Public Housing	5,368	39	138	2,700	22	123

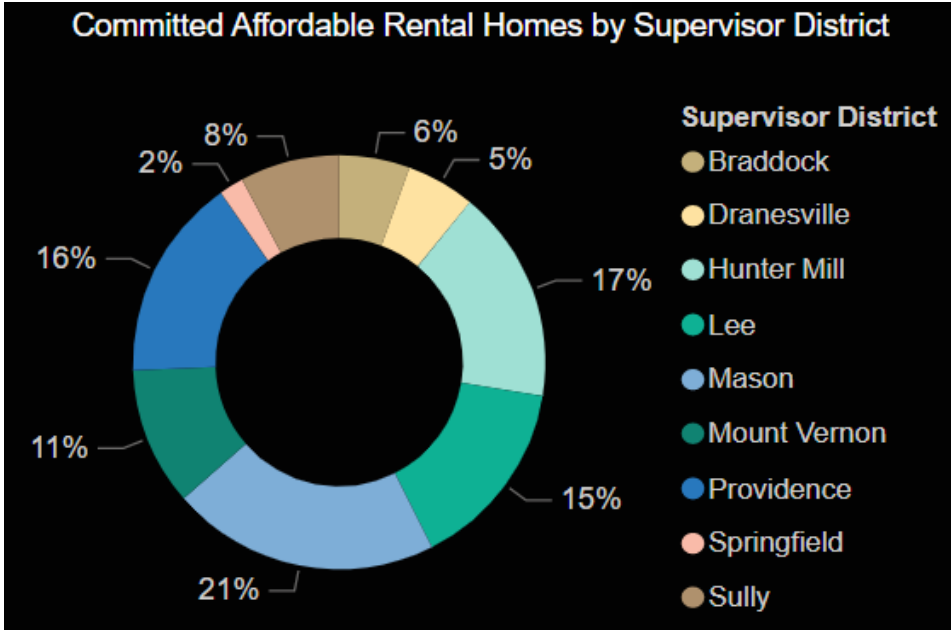
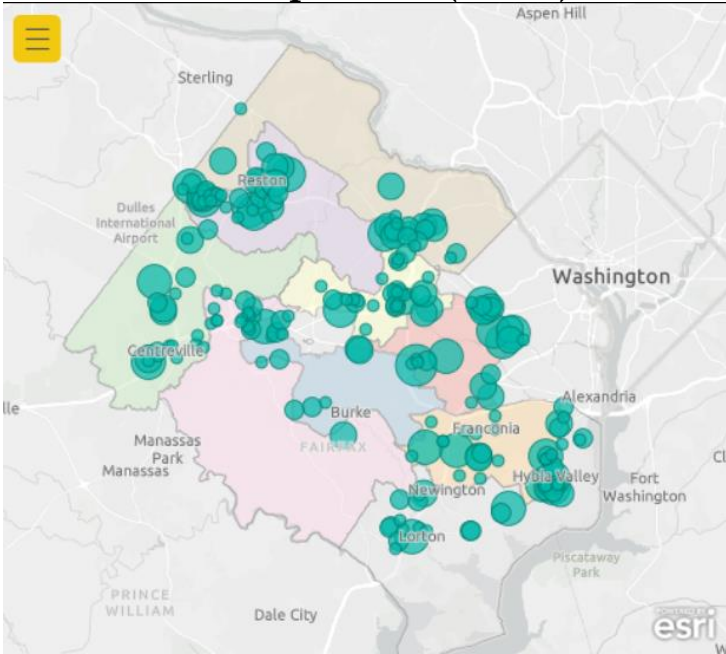
\*ARHA units and staff are based on information in the Winter 2021 News from ARHA: Alexandria Redevelopment and Housing Authority newsletter that was linked in the March 30, 2022, budget question. Information was not verified with the ARHA and should be considered unverified estimates.

This study will include (*but is not limited to*) assessing the:

- Oversight of Landlord's Books and Records re: Passthrough Operating Expenses
- County Administrative and Operating Cost of the Programs vs Outsourcing
- Benchmarking the County's programs to Comparable Jurisdiction and Corporate Programs



### Committed Affordable Rental Homes by Supervisor District As of April 2022 (15,483)



## ALTERNATIVE STUDY AREAS (FY2023) *Cont'd*

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### ***Alternative Study #3***

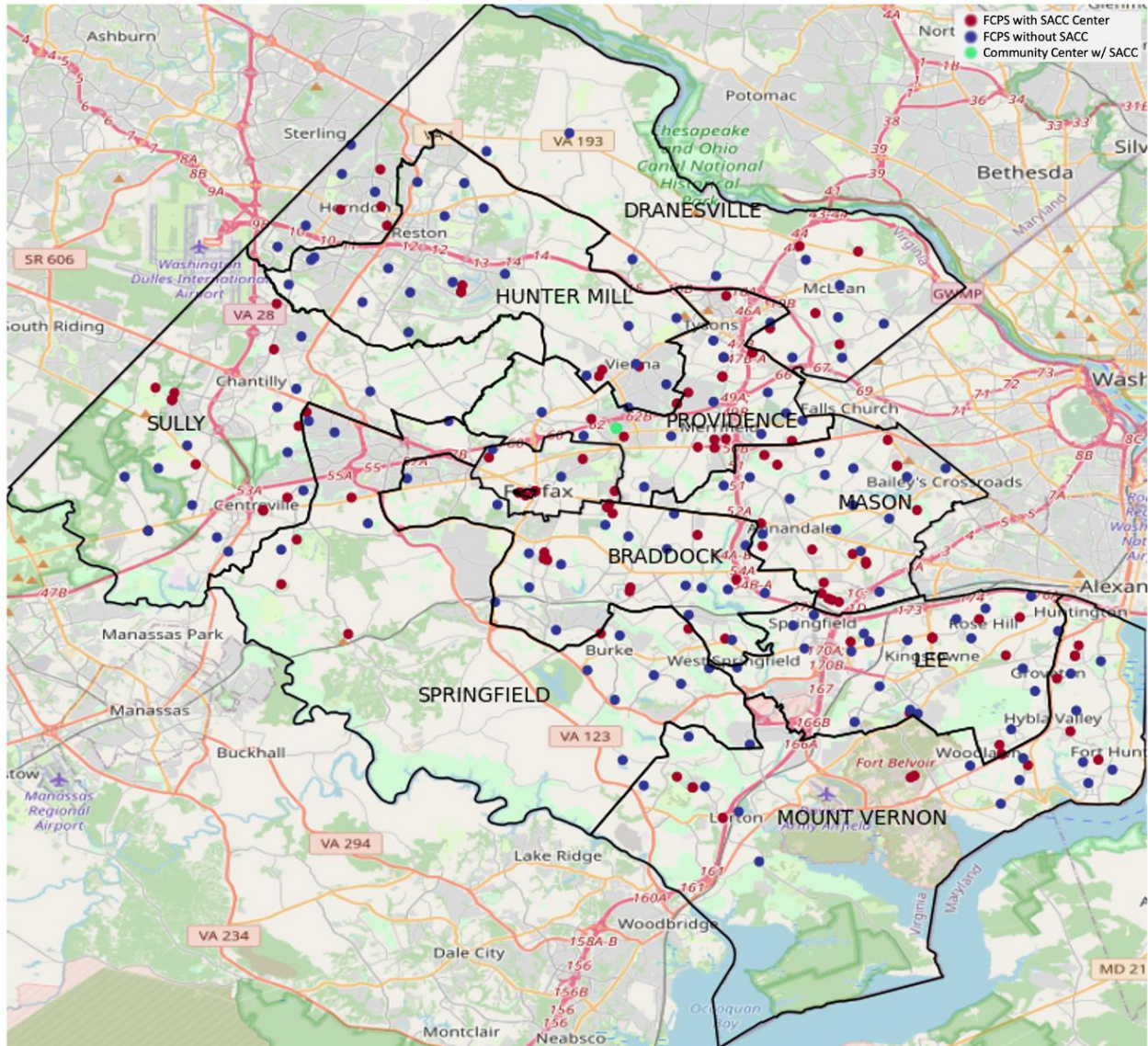
#### **School Aged Child Care (SACC) Review**

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 FY17 - FY21, total SACC revenues ranged between **~\$5.8M** and **~\$47.3M**. The decrease in revenues for FY21 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
- Rates Benchmarking

## FCPS/Community Center by School Age Child Care (SACC) Locations



FY17 - FY21 SACC Program Revenues and Expenditures

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

## ALTERNATIVE STUDY AREAS (FY2023) *Cont'd*

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### *Alternative Study #4*

#### **Rate of Return on County Investments**

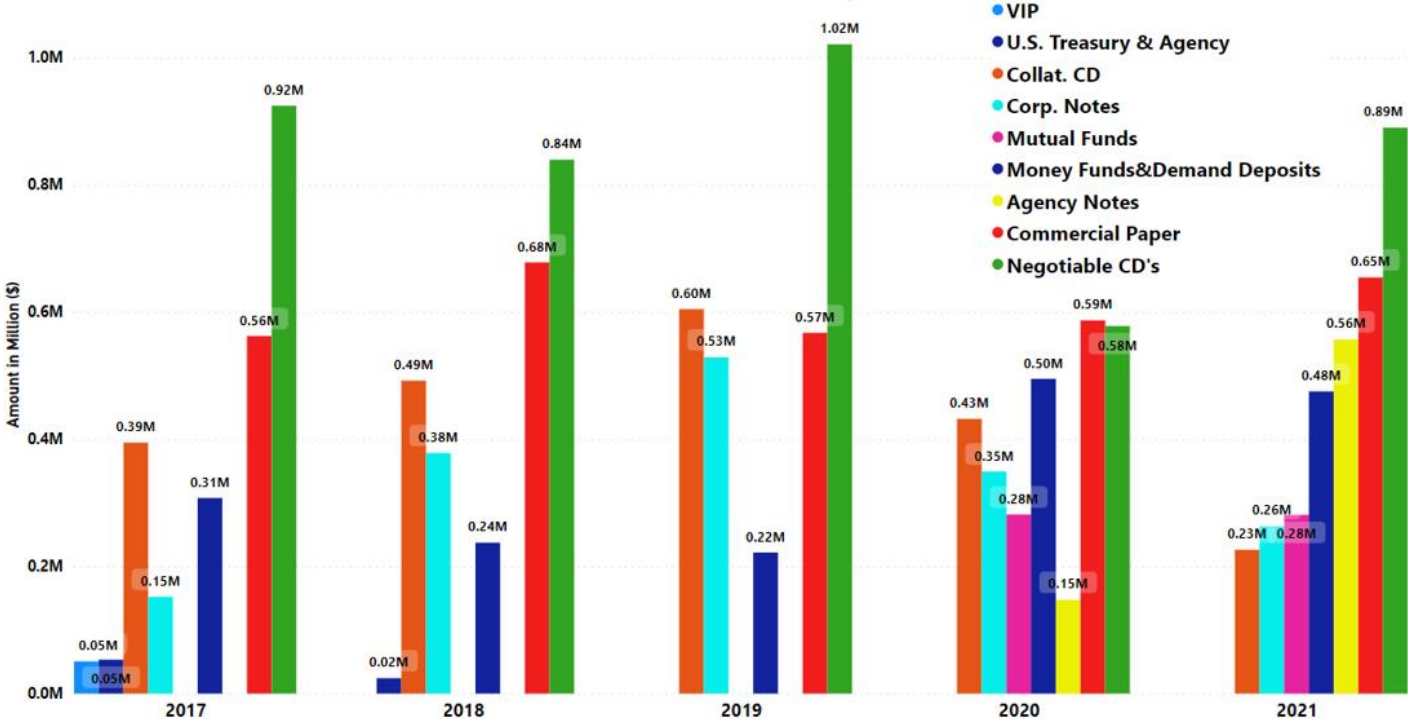
Cash and investments are managed by the Department of Finance - Investing and Cash Management Division. The cash and investments under management include County and School funds. Retirement funds, other than operational balances, are managed by the Retirement Administration Agency. The Code of Virginia (Code) stipulates which investment instruments and depositories are permitted and further defines the required characteristics in terms of credit quality and other factors. The Code allows local authorities to define and obtain Board approval for its locality's investment policy. The decisions include these three financial investment approaches: maturity, use of investment instruments and deposit products permitted under state code, and the maximum percentage of each instrument relative to the total size of the portfolio. This study is not an audit of controls over investment operations or allocations of investment earnings or fees, this type of audit is performed by the County's Internal Audit Division. The chart below shows the *increase or decline* in investment income between FY 17 and FY 21.

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

- Investment Practices: Portfolio Target Balances, Maturity Periods, etc.
- Investment Benchmarking: To Comparable Jurisdictions
- Followup and Other Identified Areas

# Rate of Return on County Investments

## Summary of Financial Data Investment Portfolio by Year



## Gross Investment Income vs Portfolio Balance FY2017-FY2021

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Investment Portfolio Balances</b>	\$2,445,162,000	\$2,649,719,000	\$2,943,564,000	\$2,870,321,000	\$3,347,022,000
<b>Gross Investment Income</b>	\$33,110,000	\$55,980,000	\$89,140,000	\$77,720,000	\$26,670,000
<b>Gross Investment Income Percentage of Investment Portfolio</b>	1.35%	2.11%	3.03%	2.71%	0.80%

**Allowance for Vote by Audit Committee  
to Adopt the  
*FY2023 Annual Proposed Work Plan***



**FAIRFAX COUNTY BOARD OF SUPERVISORS  
AUDITOR OF THE BOARD / JIM SHELTON, MBA, CRP  
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