

Report of Independent Auditor on Compliance with Commonwealth of Virginia's Laws, Regulations, Contracts, and Grants

To the Honorable Members of the County Board
Arlington County, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications") issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arlington County, Virginia (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 11, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

Code of Virginia		State Agency Requirements
Budget and Appropriation Laws	Procurement	Education
Cash and Investments	Unclaimed Property	Comprehensive Services Act Funds
Conflicts of Interest	Property Taxes	Social Services
Debt Provisions		Highway Maintenance Funds
Economic Development Opportunity Fund		Fire Programs Aid to Localities
Intergovernmental Revenues and Agreements		

The results of our tests disclosed an instance of noncompliance with those requirements required to be reported in accordance with the Specifications, which is described in the accompanying schedule of finding and response as item 2020-001.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of finding and response. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on the County's compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Beckett LLP

Tysons Corner, Virginia
December 11, 2020

Arlington County, Virginia
Schedule of Finding and Response -
Compliance with Commonwealth of Virginia's Laws,
Regulations, Contracts, and Grant Agreements
June 30, 2020

2020-001: Non-material Noncompliance – Conflicts of Interest (Repeat Finding - 2019-001)

Criteria:

Section 2.2-3115 of the *Code of Virginia* requires that certain local government officials and employees file a Statement of Economic Interest ("SOEI"), Financial Disclosure Statement, and/or Real Estate Disclosure form with the Clerk of the local governing body by February 1st or prior to assuming office or taking employment.

Condition:

During our testing of fifty-two (52) County and School Board members, County constitutional officers, and other County officials and personnel required to complete the forms, we identified four (4) instances where forms were not timely filed and five (5) instances of forms that were incomplete or missing documentation.

Cause:

The County relies on each member, officer and official to completely and timely provide the required forms.

Effect:

Non-compliance may result in action by the Commonwealth.

Recommendation:

We recommend the County continue to remind each individual required to complete these forms and of their responsibility for accuracy in completing and timely filing the forms with the Clerk. We further recommend the Clerk's office review the forms for completeness.

View of Responsible Officials:

County: The County Board Office is looking to implement an electronic tracking system (replacing a manual tracking process) such as DocuSign that will improve our ability to monitor submissions and follow up on missing forms. Additionally, the County Board Clerk will update letters to new advisory group appointees to clarify filing expectations, actions for non-compliance and to provide specific filing deadlines. Staff liaisons and advisory group chairs will be notified and asked to assist when a member does not submit the required forms. County Board members will also be notified when an advisory group member does not file in a timely manner. The County Board Clerk is revising outdated procedure documents (including list of required filers), implementing new collection and notification procedures and training additional staff to assist with tracking and reviewing forms for completeness. Each submission will undergo a two-part review for completeness. The Clerk will perform periodic internal audits to monitor effectiveness of the process improvements and provide quarterly status reports to the County Board.