Prince William County, Virginia

Proposed Internal Audit Plan - Working Draft
Calendar Year Ending December 31, 2018

Report Date: January 25, 2018 (as amended by the
Board Audit Committee on February 6, 2018)

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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, 2018 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. Our risk assessment considers 'inherent risk' which is the risk of a function in a control free environment. 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 internal audit approach and methodology is outlined below.

Internal Audit Approach and Methodology

Annual Risk Assessment	Audit Plan Development	Audit Execution	Reporting	Monitoring and Follow-up
• Formalize objectives, scope and approach • Define key organization risk factors • Conduct an risk assessment (Enterprise and IT) • Establish an audit universe • Stakeholder communication	• Refine the risk-based audit plan • Co-develop audit objectives • Establish high-level scope with process owners • Obtain audit committee approval	• Finalize audit scope and approach • Develop audit notification letter and stakeholder alignment • Develop process flows and data flow diagrams • Perform test of controls	• Co-develop management actions plans • Draft audit reports • Conduct internal quality assurance review • Finalize and deliver reports • Conduct periodic audit committee communications	• Monitor management action plan due dates • Validate through testing that management action plans were addressed • Communicate and track closure of action plans

On-going Internal Audit Process
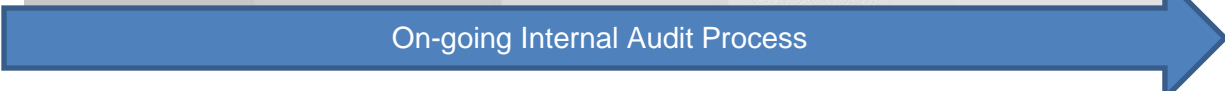
The objective of this risk assessment is to develop a proposed internal audit plan, the purpose of which is to give the County sufficient and continuous internal audit coverage of those areas determined as having a relatively high-risk profile, or that otherwise require internal audit attention for various 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

INTERNAL AUDITORS

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:
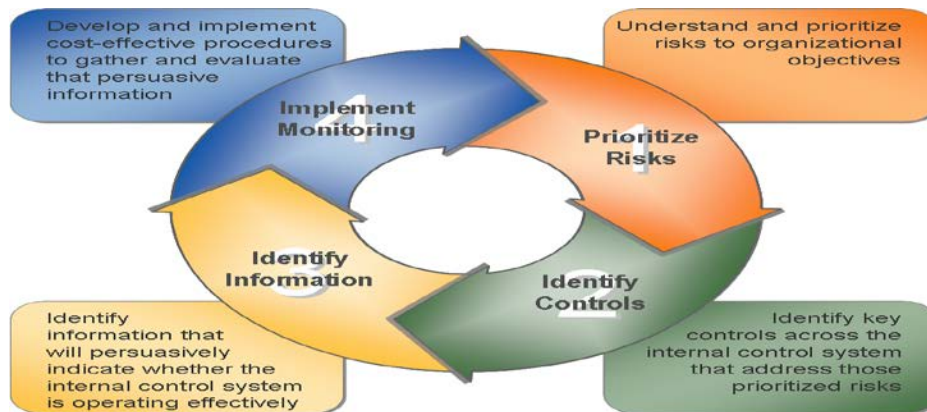

Preparing the proposed internal audit plan from the risk assessment will align resources to focus on areas of most concern to the County. Our risk assessment considers 'inherent risk', which is the risk of a function in an environment void of controls. Therefore, functions with inherently high-risk may 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.
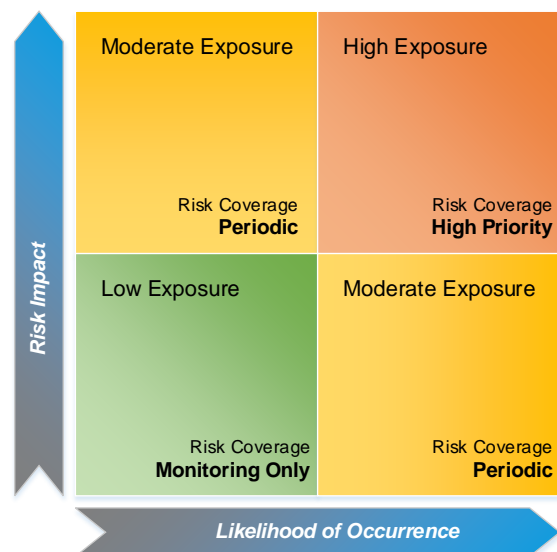
Our risk assessment was conducted utilizing a broad-based entity-wide view of risk. We conducted interviews with the County Executive's office and contacted each BOCS in efforts to conduct interviews with each member to gain a high-level understanding of their perspective of risk at the County, focusing on their objectives in order to identify potential risks. We conducted interviews with the Deputy County Executives, the County Attorney, and various Department Directors to identify risks, vulnerabilities and potential opportunities. We reviewed the adopted budget for Fiscal Year ("FY") 2018, the Comprehensive Annual Financial Reports ("CAFR") for fiscal year ended June 30, 2016, 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 County functions, including the threat to continuity of the County 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 County 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 the County.

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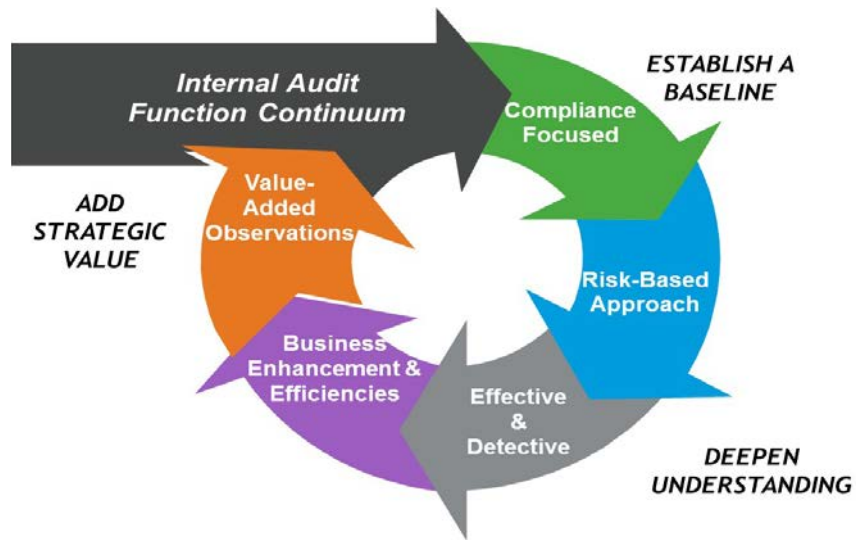
We have attached a snapshot of then proposed internal audit plan working draft as well as a summary of the planned audit strategy for each audit, subject to modification during the initial planning stages of each audit and subsequent discussions with Management.

Proposed Internal Audit Plan – Working Draft

Prince William County, Virginia
Proposed internal Audit Plan: Working Draft - February 6, 2018

RSM

	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
CY 2018	Finance	Cash Collections	X				X	X								
	Finance	Purchase Card	X				X	X								
	TBD	Contract Administration	X				X	X								
	DoIT	IT Governance		X			X			X						
	DoIT	Cloud Readiness		X			X			X						
	DoIT	Internal and External Network Intrusion/ Penetration Testing		X			X			X						
	All	Smart Device Management and Utilization		X			X	X	X							
	Public Works	Management of Leased Office Space		X			X	X	X							
	Adult Detention Center (ADC)	ADC Operational Analysis			X		X	X	X							
	Economic Development (ED)	ED Operational Analysis			X		X	X	X							
	Public Works	Neighborhood Services			X		X		X							
	Fire & Rescue	Dumfries-Triangle Rescue Squad Transition Audit				X	X	X								

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. Based on the timing of the current risk assessment, we recommend the risk assessment update be conducted in preparation for CY 2019.

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.

Risk Assessment (update)

Follow-up

Audit Plan

Audit Completion

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.

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. This cycle audit will focus on the decentralized components of this function.

Inherent Risk	Control Environment	Change	Process Risk	External Factors	Revenue Source / Materiality	Risk Rating
	H	M	H	H	H	HIGH

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 selection of departments/agencies and contracts 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.

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 Handing and Cash Management Policy and Procedures*, effective date of July 1, 2017, which supersedes April 1, 2017. This cycle audit will focus on the decentralized components of this function.

Inherent Risk	Control Environment	Change	Process Risk	External Factors	Revenue Source / Materiality	Risk Rating
	H	H	H	H	H	HIGH

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 department/agency, 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 departments/agencies 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.

Purchase Card

The County implemented a purchasing card ("PCard") program during spring 2014. A PCard is a form of charge card that allows pre-approved types of goods and services to be purchased outside of the traditional, more robust procurement process. They are typically issued to employees who make low dollar, high volume transactions. The use of the PCard is not intended to avoid or bypass appropriate procurement or payment policies, but rather to expedite the obtainment of standard, recurring business needs. The previously issued purchasing card internal audit report was accepted by the Board Audit Committee and the BOCS on August 4, 2015. At the time of the previous internal audit, not all departments/agencies had been transitioned to the PCard program, and there were 232 PCards issued throughout the County. Currently, all departments/agencies are utilizing PCards, and there are 564 PCards issued throughout the County.

Inherent Risk	Control Environment	Change	Process Risk	External Factors	Revenue Source / Materiality	Risk Rating
	H	H	H	H	H	HIGH

Potential Significant Risks
- Ineffective policies and procedures surrounding employee usage and vendor payments.
- PCards are not securely stored and monitored.
- Inadequate PCard purchasing limits and spending allowances.
- Duplicate payments of vendor invoices are not monitored.
- Inadequate controls or segregation of duties for approving, furnishing and reconciling PCards.
- Reconciliation of invoices is not being performed timely.
- Employees are misusing or fraudulently using PCards.

Internal Audit Strategy
The primary objectives in the cycle audit will be to assess the design and effectiveness of the County's policies and procedures for adequate internal controls over the purchasing card. We will determine whether controls are sufficient to ensure that goods and services that are paid for were properly authorized, ordered and received in accordance with policies and procedures. We will also verify card holder setup and maintenance, monthly reconciliation and general monitoring of program are functioning as designed. 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 departments/agencies 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.

Department of Information Technology: Information Technology Governance

The Department of Information Technology ("DoIT") has historically operated in silos from a reactive position, offering patchwork solutions to keep day-to-day production running. As the County has grown over the past 20 years, and continues to do so in the services it offers, this approach does not allow for a sustainable platform. The DoIT acknowledges this risk and seeks to enhance its governance and infrastructure - enabling the DoIT to provide 1) proactive reliable and secure infrastructure services, 2) responsible leadership, 3) collaborative business partnerships, 4) responsive mobile services, 5) innovative enterprise solutions, and 6) highly skilled workforce. Thus making it high-risk.

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Inherent Risk	Control Environment	Change	Process Risk	External Factors	Revenue Source / Materiality	Risk Rating
	H	H	H	M	H	HIGH

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
The objective of our internal audit is to identify process improvements which increase the DoIT's value delivery in alignment with the long term strategic objectives of the County. Through gaining an understanding of the current structure and workings of the DoIT, we will assess the design of:
- DoIT organizational reporting structure, definition of roles and responsibilities, span of control, and IT staffing levels.
- Process to intake and prioritize requests for solutions/services.
- Process to identify the requirements of the solution/service and to collaborate with the business throughout the delivery of the project.
- Process/framework through which the DoIT measures performance.
- Executive management oversight committees and the IT strategic planning process.
- Established policies and procedures against leading practices.

Department of Information Technology: Cloud Readiness Assessment

The Department of Information Technology serves all of the various County departments and agencies, each with its own diverse needs for the DoIT support and services. Under the current hosting structure, the DoIT resource time is spent building and maintaining the hardware and infrastructure which the applications used by those departments/agencies and operate on. Investing in cloud technology provides opportunity to standardize and outsource the hosting service, allowing information technology ("IT") resources to focus on application enhancements which add value through process automation.

Inherent Risk	Control Environment	Change	Process Risk	External Factors	Revenue Source / Materiality	Risk Rating
	H	H	H	H	H	HIGH

Potential Significant Risks
- DoIT resources are inefficiently allocated, causing business partners to be under served.
- Applications currently in use cannot operate in a cloud environment without programming modifications.
- Cloud technology provider does not meet the current and/or future business requirements.

Internal Audit Strategy
The objective of our internal audit is to assist the DoIT in assessing both the expected value and inherent readiness of the service(s) intended to be migrated to a cloud provider. In assessing and advising on the County's plan for migration to a cloud computing environment, we may review such elements as:
- DoIT's current internal capabilities as it relates to infrastructure support requirements.
- The related roadmap and milestones identified by the County, and whether or not the cloud migration is adequately prioritized in relation to competing requests for DoIT resources.
- The appropriateness of the proposed cloud model and design.
- The adequacy of the proposed monitoring approach as applicable to the service provider's level of service, availability, and security.

County-Wide Audit - continued

Department of Information Technology: Internal and External Network Intrusion/Penetration Testing

Security of technology assets is an important priority within the public sector. As threats to data and systems have evolved, so have the requirements for safeguarding user, citizen, and municipal information. The processes and people that support the security of technology are the key components in protecting these valuable business assets. Likewise, it is important to measure the security of technology assets to understand the ability to defend against threats. Thus making it high-risk.

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Inherent Risk	Control Environment	Change	Process Risk	External Factors	Revenue Source / Materiality	Risk Rating
	H	H	H	H	H	HIGH

Potential Significant Risks
- Improper access to the County's financial data, employee information, and accounts could be obtained.
- Data could then be manipulated to the County's detriment.
- Non-compliance with critical agreements.
- Loss of public and employee confidence with the County and Management.

Internal Audit Strategy
Objectives of the internal / external network intrusion / penetration testing will include the following:
- Attempt to obtain access to the County's network.
- Identify critical application security vulnerabilities that may be leveraged by an attacker to gain entry to the County's network or to obtain sensitive information.
- Attempt to obtain domain administrator access over the County's internal network.
- Attempt to gain access to internal County resources through the external network environments.
- Attempt to obtain sensitive data included, but not limited to, financial information, Social Security and credit card numbers, contracts and bids, and human resources and legal information.

All Departments/Agencies: Smart Device Management and Utilization

Currently, smart device management and utilization is 100% decentralized. Smart devices and usage are independently purchased and managed at the department/agency level. This includes security / encryption requirements. It is important for public sector entities to assess areas such as smart device management and utilization for potential cost savings and areas of security exposure. These factors make this area high-risk to the County.

Inherent Risk	Control Environment	Change	Process Risk	External Factors	Revenue Source / Materiality	Risk Rating
	H	M	H	H	H	HIGH

Potential Significant Risks
- Higher than necessary costs to the County.
- Payment for unnecessary services.
- Outdated, inadequate, or undocumented policies and procedures.
- Compromised security of County information that can be obtained from the smart device.

Internal Audit Strategy
The primary objective of this internal audit will be to assess opportunities to centralize oversight, usage monitoring and change control management (policies and procedures), with the goals of improvements to process efficiencies, productivity gains, and to intensify County-wide cost reduction measures. We will perform procedures as deemed necessary to appropriately assess the operations and control environment. To accomplish the objective, areas of focus may include:
- Validate existence of billed smart phone devices/services.
- Assess adequacy of personnel smart device usage monitoring.
- Determine if department/agency and County-wide smart device contracts, including usage plans, are appropriately structured, consistent with the best-interests of the County, and are monitored and updated in order to maximize the utilization of cost reduction measures.
- Assess adequacy of internal controls to reasonably safeguard against security threats and abuse.
- Determine if department/agency smart device acquisition (determination of who require a smart device and purchasing process)/ activation and return/ deactivation controls are adequate.
- Assess the adequacy of applicable policies, procedures and guidelines for consistency and completeness.

Public Works: Management of Leased Office Space

In 2014, the County developed a *Facilities Master Plan* (the "Plan") with the purpose of analyzing the existing space use and to project space requirements for the next 5 and 10 years (i.e., 2018 and 2023), so that the County is able to maximize the use of its existing facilities, anticipate future facility requirements, and prioritize facility improvements according to organizational needs and the goals of the County's Strategic Plan. The Plan identified current and future usable square feet deficits within the County, with findings and recommendations for remediation. The County currently has ~42 external leases in various locations, totaling 354,759 square feet. Lease budgets as of June 30, 2017 and June 30, 2018 amounted to $6.8M and $7.1M, respectively.

Inherent Risk	Control Environment	Change	Process Risk	External Factors	Revenue Source / Materiality	Risk Rating
	H	H	H	H	H	HIGH

Potential Significant Risks
- Higher than necessary space related lease costs.
- Inadequate space management process, policies and procedures.
- Fragmented space management function.
- Solutions don't consider future projections such as development and traffic.
- Existing County owned property capacity is not maximized.
- Inability to adequately serve the citizens of the County.

Internal Audit Strategy
The objective of our internal audit will focus on evaluating the County's short- and long-term plans for managing its leased office portfolio, and also to assess management's strategies for identifying opportunities to reduce costs relating to leased office space. Area of focus may include reviewing, benchmarking and analyzing aspects (to be determined) of space management with the goal of identifying the current status of deficit remediation from the *Facilities Master Plan*, analysis of historical usable space deficits to updated projected usable space needs, and provide recommendations for areas of improvement. We will perform additional procedures on-site as deemed necessary to appropriately assess the operations and control environment.

Adult Detention Center: Adult Detention Center ("ADC") Operational Analysis

The Code of Virginia requires that every county shall have a jail, State Code: Section 15.2-1638; 53.1-106. The Virginia Department of Corrections sets operating standards for all Virginia jails, and the Adult Detention Center provides this mandated service. The system-wide average daily population of the ADC has grown from a population of 178 since opening in 1982 to an average of 1,040 in FY 2018. Funding for the Adult Detention Center is shared with the City of Manassas based on each jurisdiction's pro-rata share of the number of prisoner days for inmates from each jurisdiction. For FY 2018 the budgeted County's share is 89% and the City of Manassas share is 11%. The ADC consists of four (4) facilities with a state-rated inmate capacity of 667 on the Manassas complex. At the end of each fiscal year, a reconciliation is performed to establish the exact costs for each jurisdiction. The approved FY 2018 expenditure budget is $42.7M, which is 12.7% of the total Public Safety budget.

Inherent Risk	Control Environment	Change	Process Risk	External Factors	Revenue Source / Materiality	Risk Rating
	H	M	M	H	H	HIGH

Potential Significant Risks
- Outdated, inadequate or undocumented policies and procedures.
- Non-compliance with the memorandum of understanding ("MOU") with the County.
- ADC goals/strategies do not align with objectives.
- Underperformance of existing operations.
- Tarnished/diminished public perception.
- Un-realistic goals.

Internal Audit Strategy
The objectives of this audit will include reviewing, benchmarking and analyzing comparative data of the ADC as compared to other jurisdictions, including the ADC's use of funds in fulfilling the mission of the ADC and compliance with the memorandum of understanding ("MOU") with the County.

Economic Development: Economic Development Operational Analysis

The role of the Department of Economic Development is to seek out new economic opportunities and retain their existing business wealth. As the second largest county in the Commonwealth of Virginia, Prince William County is a community of choice with a strong, diverse economic base, where individuals and families choose to live, work and play and businesses choose to locate. The mission of the Department of Economic Development is to improve the County's economic base by encouraging new businesses to locate in Prince William County, retain existing businesses, and encourage existing businesses to expand. The approved FY 2018 expenditure budget is $2.7M, which is 1.6% of the total Community Development budget.

Inherent Risk	Control Environment	Change	Process Risk	External Factors	Revenue Source / Materiality	Risk Rating
	H	H	M	H	H	HIGH

Potential Significant Risks
- Underperformance of existing operations.
- Tarnished/diminished public perception.
- Un-realistic strategy.
- Inappropriate allocation of resource.
- Strategy is not aligned with relevant internal and external efforts.

Internal Audit Strategy
The objective of our internal audit will focus on reviewing, benchmarking and analyzing comparative data and operations related to identified aspects (to be determined) of the economic development process to other jurisdictions. We will perform additional procedures on-site as deemed necessary to appropriately assess the operations and control environment.

Public Works: Neighborhood Services

The Neighborhood Services Division's, "M*ission is to assist County residents understand, abide by, and raise concerns about compliance with property codes. The codes are the basis for and guide the way the County and residents work together to maintain adequate health, safety and quality of life."* Per the FY 2017-2018 budget, Neighborhood Services amounts to ~5% of the County's Public Works budget ($4M out of $86M). Neighborhood Services can be a highly visible function for County residents and public perception is a key risk factor for this division.

Inherent Risk	Control Environment	Change	Process Risk	External Factors	Revenue Source / Materiality	Risk Rating
	H	M	H	H	M	HIGH

Potential Significant Risks
- Non-compliance with County Code or other regulations, as applicable.
- Outdated, inadequate or undocumented policies and procedures.
- Inconsistent execution of review and investigation of issues.
- Inadequate monitoring of enforcement performance measures and effectiveness.
- Failure to provide effective management oversight and administration of enforcement execution.

Internal Audit Strategy
The objective of this internal audit will be to assess design and operating effectiveness of internal controls over the process of property code enforcement. To accomplish the objective, areas of focus may include:
- Assess process alignment with local and state laws and compliance with County Code.
- Determine whether all legally available means of enforcement are utilized.
- Review adequacy for measuring its performance, including assessment of performance measures utilized.
- Determine compliance with County Code and other regulations.
- Assess adequacy of tracking issues received and resulting resolution, including consistency of issue review and execution.
- Review public opinion in regards to Neighborhood Services.
- Determine if the abatement program complies with County Code and other regulations.
- Review for possible improvements in efficiency and effectiveness.

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