

# AGENDA



# CITY OF HOPEWELL

Hopewell, Virginia 23860

## AGENDA

(804) 541-2249

www.hopewellva.gov  
info@hopewellva.gov  
rarrington@hopewellva.gov

### CITY COUNCIL

Jasmine E. Gore, Mayor, Ward #4  
Patience Bennett, Vice Mayor, Ward #7  
Debbie Randolph, Councilor, Ward #1  
Arlene Holloway, Councilor, Ward #2  
John B. Partin, Jr., Councilor, Ward #3  
Janice Denton, Councilor, Ward #5  
Brenda S. Pelham, Councilor, Ward #6

John M. Altman, Jr., City Manager  
Sandra. Robinson, City Attorney  
Ronnieye L. Arrington, City Clerk

October 2, 2019

**COUNCIL CHAMBERS**  
**300 N MAIN ST. HOPEWELL VA**

**Special Meeting: 6:00 PM**

### OPEN SPECIAL MEETING

**6:00 p.m.** Call to order, roll call, and welcome to visitors

#### Special Business

#### **SB-1 MUNIS Implementation**

**ISSUE:** Verification of the City purchase of upgrades from Tyler for MUNIS, to include costs and implementation schedule. Additional requests include verifying external programs the City has, the purpose of the programs, and their costs.

**MOTION:** \_\_\_\_\_

\_\_\_\_\_

**Roll Call**

#### **SB-2 Director Reports Regarding CAFR Findings**

**ISSUE:** Each Department mentioned in the CAFR findings is asked to report to Council as to updates made due to the findings (if any), steps taken to address findings, including personnel updates, training, etc.

**MOTION:** \_\_\_\_\_

\_\_\_\_\_

**Roll Call**

**SB-3 Audit Update – CPMT/CSA Office**

**ISSUE:** Request update from CPMT and CSA office regarding results of special audit, and status as to what changes have been implemented to correct negative audit findings.

**MOTION:** \_\_\_\_\_

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**Roll Call**

**SB-4 Beacon Theater Fund Update**

**ISSUE:** During a recent Council meeting, issues were raised regarding the Beacon Theater and the requests from auditors for various records. An update is requested on the status of those requests.

**MOTION:** \_\_\_\_\_

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**Roll Call**

**SB-5 FY 2017 Auditor’s Report**

**ISSUE:** Discussion of audit findings for Fiscal Year 2017

**MOTION:** \_\_\_\_\_

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**Roll Call**

**SB-6 Review and approval of financial policies, resolutions, etc.**

**ISSUE:** City Council reviewed the Resolution Adopting Hopewell City Policy Statements, the Resolution Reducing the Spending Limit to \$3,000 and the Budget Document at its August 20, 2019 meeting in Closed Session. Council is asked to review the documents again prior to adoption.

**MOTION:** \_\_\_\_\_

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**Roll Call**

**Adjournment**

**SPECIAL  
MEETING**

**SB-1**



# CITY OF HOPEWELL CITY COUNCIL ACTION FORM

**Strategic Operating Plan Vision Theme:**

- Civic Engagement
- Culture & Recreation
- Economic Development
- Education
- Housing
- Safe & Healthy Environment
- None (Does not apply)

**Order of Business:**

- Consent Agenda
- Public Hearing
- Presentation-Boards/Commissions
- Unfinished Business
- Citizen/Councilor Request
- Regular Business
- Reports of Council Committees

**Action:**

- Approve and File
- Take Appropriate Action
- Receive & File (no motion required)
- Approve Ordinance 1<sup>st</sup> Reading
- Approve Ordinance 2<sup>nd</sup> Reading
- Set a Public Hearing
- Approve on Emergency Measure

**COUNCIL AGENDA ITEM TITLE:**

MUNIS Implementation

**ISSUE:** Verification of the City purchase of upgrades from Tyler for MUNIS, to include costs and implementation schedule. Additional requests include verifying external programs the City has, the purpose of the programs, and their costs.

**RECOMMENDATION:****TIMING:**

**BACKGROUND:** This is a Council request

**ENCLOSED DOCUMENTS:**

- None

**STAFF:****FOR IN MEETING USE ONLY**

**MOTION:** \_\_\_\_\_

**Roll Call****SUMMARY:**

- |                          |                          |                                    |                          |                          |                                      |
|--------------------------|--------------------------|------------------------------------|--------------------------|--------------------------|--------------------------------------|
| <b>Y</b>                 | <b>N</b>                 |                                    | <b>Y</b>                 | <b>N</b>                 |                                      |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor Debbie Randolph, Ward #1 | <input type="checkbox"/> | <input type="checkbox"/> | Councilor Janice Denton, Ward #5     |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor Arlene Holloway, Ward #2 | <input type="checkbox"/> | <input type="checkbox"/> | Councilor Brenda Pelham, Ward #6     |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor John B. Partin, Ward #3  | <input type="checkbox"/> | <input type="checkbox"/> | Vice Mayor Patience Bennett, Ward #7 |
| <input type="checkbox"/> | <input type="checkbox"/> | Mayor Jasmine Gore, Ward #4        |                          |                          |                                      |



**MEMORANDUM**

To: The Honorable City Council  
 cc: Charles E. Dane, Assistant City Manager  
 Concetta Manker, Director of Information Technologies  
 From: John M. Altman, Jr., City Manager *JMK*  
 Date: September 25, 2019  
 Re: **MUNIS Implementation Update**

**John M. Altman, Jr.**  
 City Manager

maltman@hopewellva.gov  
 p: (804) 541-2243  
 f: (804) 541-2248

300 North Main Street  
 Suite 216  
 Hopewell, VA 23860

www.hopewellva.gov

Per City Council request, the following is a summary of MUNIS implementation, the available modules, and 3<sup>rd</sup> Party vendor software used by the City. The total “turn-key” cost of implementation to date is \$719,791.61. The City budgets \$81,000 annually for license/maintenance fee.

MUNIS Module	Implementation Year	Comments
Financials	September 2014	
Tax	September 2016	
Business License	May 2016	
Real Estate	May 2016	
Permits	May 2016	
Incode	July 2016	Court Case Management
Payroll	July 2017	
Work Order	February 2019	Fuel Import Still Pending
TIMS	March 2019	

Department	3 <sup>rd</sup> Party Vendor Software	Comments
Police	TimeForce	Time & Attendance
HR	NEOGov	HR Software
Recreation & Parks	RecTrac	Recreation Management Software
Social Services	Thomas Brothers	
Treasurer	Paymentus EGTS	Credit Card Processing Old Tax System
Fire	Billing Bridge	EMS Cost Recovery
Public Works	Phoenix	Garage – Inventory/Workflow
Real Estate	ProVal	Real Estate Assessment Software
Water Renewal	PaperStream Swipe Clock	Document Management System Time & Attendance

If City Council has any additional questions, please do not hesitate to contact me.

**SB-2**



# CITY OF HOPEWELL CITY COUNCIL ACTION FORM

**Strategic Operating Plan Vision Theme:**

- Civic Engagement
- Culture & Recreation
- Economic Development
- Education
- Housing
- Safe & Healthy Environment
- None (Does not apply)

**Order of Business:**

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**Action:**

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- Set a Public Hearing
- Approve on Emergency Measure

**COUNCIL AGENDA ITEM TITLE:**

Director Reports re CAFR Findings

**ISSUE:** Each Department mentioned in the CAFR findings is asked to report to Council as to updates made due to the findings (if any), steps taken to address findings, including personnel updates, training, etc.

**RECOMMENDATION:****TIMING:**

**BACKGROUND:** This is a Council request

**ENCLOSED DOCUMENTS:**

- None

**STAFF:****FOR IN MEETING USE ONLY**

**MOTION:** \_\_\_\_\_

**Roll Call****SUMMARY:**

- |                          |                          |                                    |                          |                          |                                      |
|--------------------------|--------------------------|------------------------------------|--------------------------|--------------------------|--------------------------------------|
| <b>Y</b>                 | <b>N</b>                 |                                    | <b>Y</b>                 | <b>N</b>                 |                                      |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor Debbie Randolph, Ward #1 | <input type="checkbox"/> | <input type="checkbox"/> | Councilor Janice Denton, Ward #5     |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor Arlene Holloway, Ward #2 | <input type="checkbox"/> | <input type="checkbox"/> | Councilor Brenda Pelham, Ward #6     |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor John B. Partin, Ward #3  | <input type="checkbox"/> | <input type="checkbox"/> | Vice Mayor Patience Bennett, Ward #7 |
| <input type="checkbox"/> | <input type="checkbox"/> | Mayor Jasmine Gore, Ward #4        |                          |                          |                                      |

# CAFR Findings Status Report

City Council Meeting

September 25, 2019



# Material Weaknesses

# 2017-001: Material Weakness Due to Lack of Timely Reconciliations, Lack of Adequate Year End Close Procedures and Lack of Adequate Internal Controls over Budget Transfers

**Condition/Context:** During the fiscal year 2017 audit and financial reporting processes, multiple instances were identified where the complete and accurate recording of financial transactions within the general ledger did not occur

**Repeat Findings:** 2015-001, 2015-002, and 2016-001

## **Management Response:**

- The City (Treasurer and Finance) and School Board (Finance) in conjunction with the CAFR team have coordinated joint efforts to improve the reconciliation process of cash and investments balances with financial institution to the general ledger for fiscal year 2018 and forward.
- The City (Finance, HRWTF, Public Works) in conjunction with the CAFR team have coordinated joint efforts to improve the reconciliation process of customer accounts receivable to the general ledger for fiscal year 2018 and forward.
- The City (Finance and Information Technology) implemented formal year-end close procedures for fiscal year 2018 and 2019. The MUNIS system successfully closed for fiscal year 2018 and 2019, as well as, opened successfully for fiscal years 2019 and 2020. Formal documentation of procedures is anticipated for completion by 4<sup>th</sup> quarter FY20.
- Budget transfers are reported to City Council by the City Manager on a monthly basis.

## **2017-002: Material Weakness Due to Material Audit Adjustments and Restatements**

**Condition/Context:** Upon auditing the year-end balances of the City and School Board, there were instances of material adjustments identified, including entries to restate prior periods. An audit adjustment was identified to correct the School Board's cash balance.

**Repeat Findings:** 2015-001, 2015-002 and 2016-002

### **Management Response:**

- The City (Finance) implemented September 2019 a diagnostic process for the purpose to identify the nature and occurrence of adjustments, as well as, establishing a cure or implementing measures to minimize adjustments.

## **2017-003: Material Weakness Due to Lack of Accurate Supporting Records (Disclaimer of Opinions)**

**Condition/Context:** Upon auditing the year-end balances of the City, City personnel was unable to provide sufficient audit documentation to support the amounts recorded on the City's financial statements for its Business-Type Activities, including the Sewer Service Fund, Solid Waste Fund, Storm Water Fund and Beacon Theatre Fund.

**Repeat Findings:** 2015-001, 2015-002 and 2016-003

### **Management Response:**

- The City (Finance, HRWTF, Public Works) in conjunction with the CAFR team as of August 2019 have coordinated joint efforts to improve securing billing and accounting records between the City and its customers.
- The City (Finance, City Manager) in an effort to produce Beacon FY18 financial statements (balance sheet and income statements) supportable documentation was requested from Beacon Management and Beacon's contracted accountant (accountant).
- Beacon Management through its accountant provided a pdf copy of the general ledger maintained by the accountant. Finance in conjunction with the CAFR Team performed a cursory review and identified disparities in the general ledger document provided.

## 2017-003: Material Weakness Due to Lack of Accurate Supporting Records (Disclaimer of Opinions) - continued

- Additional requests for documentation that would support the general ledger were made to Beacon Management and the accountant by the CAFR Team. Beacon Management responded but the documentation was not sufficient to support the Beacon's accountant general ledger amounts nor has the accountant provided any further supporting documents.
- As an alternate the CAFR Team to the extent available obtained data from other reliable sources to begin to create FY18 Beacon Theater financial statements. Those reliable sources are:
  - FY 2018 monthly bank statements from the BB&T and Suntrust accounts
  - Invoices to support many of the larger GL account balances
  - Mitchell Wiggins & Company LLP (CPAs) prepared 2018 income tax return to reconcile fixed assets and record depreciation expense
  - Point of Sale records to determine food and drink inventory sales, concert tickets and merchandise revenues
  - Artist audit reports, artist contracts, Tickets to Buy ticket sale reports, bank check ledgers to record concert revenues, amounts paid to artists and production/backstage personnel
  - The CAFR Team continues to communicate and obtain needed responses from Beacon Management in the effort to produce financial statements with supportable records.

## **2017-004: Material Weakness Due to Lack of Management Contract for Beacon Theatre**

**Condition/Context:** City personnel and the Beacon Theatre third-party management company were unable to provide adequate supporting documentation to support the amounts reported in the financial statements as prepared by the third-party management company. Furthermore, City personnel was unable to provide a signed contract between the City and the third-party management company detailing the services to be provided and any fees associated with these services. It was noted that City oversight of Beacon Theatre's operations and subsequent recordation of this activity was not occurring on a routine and ongoing basis.

**Repeat Finding:** 2016-004

**Management Response:**

- On August 30, 2019 a fully executed contract by the former City Manager and Beacon Management Company was obtained and forward to Finance. The contract is being reviewed and evaluated.

## **2017-005: Material Weakness Due to Lack of Segregation of Duties and System Based Logical Access Controls**

**Condition/Context:** The City implemented MUNIS in September 2014. It was noted that the City does not maintain proper segregation of duties over security, administration, and end user access to the financial application and database.

**Repeat Finding:** 2015-003 and 2016-007

### **Management Response:**

- Completed. Security control log was implemented and is periodically reviewed by the IT Director.
- Completed. There is a yearly process to review MUNIS users' authorizations.
- Completed. Networking settings were changes to industry best practices.
- Completed. Finance implemented review procedures over journal entries and will continue to review and modify as necessary.

## **2017-006: Material Weakness Due to Untimely Social Services LASER Reconciliations to the General Ledger**

**Condition/Context:** During the fiscal year 2017 audit, it was determined the monthly LASER amounts were not being reconciled to the general ledger. The fiscal year ended 2017 LASER reconciliation was not completed until June 2018.

**Repeat Finding:** 2016-008

**Management Response:**

- Completed. Monthly reconciliation process in place as of June 30, 2018 subject to procedural adjustment based upon monitoring.

## **2017-007: Material Weakness Due to Lack of Debt Management Procedures**

**Condition/Context:** The City has unspent bond proceeds invested in the Virginia State Non-Arbitrage Program (SNAP) and is not reconciling the SNAP investment accounts to capital project activity; therefore, drawdowns of the bond proceeds are not occurring timely. Capital expenditures incurred are initially being paid for using operating funds instead of immediately from corresponding bond proceeds.

**Repeat Finding:** 2016-009

**Management Response:**

- Completed. The City (Finance and Treasurer) implemented procedures September 2018; unspent bond proceeds in the amount of \$3.4M was drawn down and deposited to operating funds

## **2017-008: Material Weakness in Children's Services Act Allowability and Eligibility Procedures**

**Condition/Context:** Of the 60 pool disbursement transactions selected for testing, the approved amount of the transaction exceeded the amount per Individual and Family Service Plan for five transactions. Pervasive to all transactions tested, purchase orders were not created or approved until after the date the service was provided. Known fraudulent activity occurred prior to fiscal year 2016, resulting in a special state review conducted on activity from 2013-2015 and a return of funds to the state.

**Repeat Finding:** 2016-010

**Management Response:**

- CPMT is in process updating the policies and procedures for CSA

# Compliance Findings

## **2017-009: Untimely Social Services LASER Reconciliations to the General Ledger**

**Condition/Context:** During the fiscal year 2017 audit, it was determined the monthly LASER amounts were not being reconciled to the general ledger. The fiscal year ended 2017 LASER reconciliation was not completed until June 2018.

**Repeat Finding:** 2016-008

**Management Response:**

- Completed. Monthly reconciliation process in place as of June 30, 2018 subject to procedural adjustment based upon monitoring.

## 2017-010: Commonwealth of Virginia Yearly Financial Reporting

**Condition/Context:** The City did not submit its audited financial report to the APA by the required date.

**Repeat Finding:** 2015-004 and 2016-016

**Management Response:**

- Two of the three prior fiscal year CAFRs FY16 and F17 are completed. Continued implementation of the City's remediation implementation plan to bring current Comprehensive Annual Financial Reports (CAFR) filings is in process.

## 2017-011: Children's Services Act Allowability and Eligibility Procedures

**Condition/Context:** Of the 60 pool disbursement transactions selected for testing, the approved amount of the transaction exceeded the amount per Individual and Family Service Plan for five transactions. Pervasive to all transactions tested, purchase orders were not created or approved until after the date the service was provided. Known fraudulent activity occurred prior to fiscal year 2016, resulting in a special state review conducted on activity from 2013-2015 and a return of funds to the state.

**Repeat Finding:** 2016-010

**Management Response:**

- CPMT is in process updating the policies and procedures for CSA

## **2017-012: Noncompliance with Debt Covenants**

**Condition/Context:** The City did not provide audited or unaudited financial reports by the deadlines required by the debt covenants. Also, the City did not monitor debt service reserve accounts to ensure compliance with the requirements.

**Repeat Finding:** 2016-019

**Management Response:**

- Completed. The City (Finance) in conjunction with its financial advisors are monitoring all debt covenant requirements.

## **2017-013: Bank Not Identified as a Public Depository and Bank Accounts Not Identified as a Public Deposit**

**Condition/Context:** Upon auditing cash, it was determined that one of the banks used by the City was not identified as a qualified public depository. Furthermore, three bank accounts containing public monies were not identified individually by the financial institution as public deposits.

**Repeat Finding:** 2016-020

**Management Response:**

- Completed. The City (Treasurer) is reviewing accounts to ensure compliance.

## **2017-014: Lack of Compliance with Sections 15.2-2506 and 58.1-3001 of the *Code of Virginia* in the City's Virginia Public Assistance Fund and Community Development Block Grant Fund**

**Condition/Context:** Upon auditing the City's Virginia Public Assistance Fund's and Community Development Block Grant Fund's year-end expenditures compared to their final approved budget, expenditures exceeded the final appropriated budget by a material amount.

**Repeat Finding:** 2016-021

**Management Response:**

- Completed. The City (DSS, Development & Finance) is monitoring budgets for all funds throughout the year to ensure compliance.

**SB-3**



# CITY OF HOPEWELL CITY COUNCIL ACTION FORM

**Strategic Operating Plan Vision Theme:**

- Civic Engagement
- Culture & Recreation
- Economic Development
- Education
- Housing
- Safe & Healthy Environment
- None (Does not apply)

**Order of Business:**

- Consent Agenda
- Public Hearing
- Presentation-Boards/Commissions
- Unfinished Business
- Citizen/Councilor Request
- Regular Business
- Reports of Council Committees

**Action:**

- Approve and File
- Take Appropriate Action
- Receive & File (no motion required)
- Approve Ordinance 1<sup>st</sup> Reading
- Approve Ordinance 2<sup>nd</sup> Reading
- Set a Public Hearing
- Approve on Emergency Measure

**COUNCIL AGENDA ITEM TITLE:**

CSA/CPMT presentation of Updated Quality Improvement Plan (QIP)

**ISSUE:** CSA/CPMT was asked to update its QIP by the State and by Council. A copy of the updated QIP is requested.

**RECOMMENDATION:****TIMING:**

**BACKGROUND:** This is a Council request

**ENCLOSED DOCUMENTS:**

- None

**STAFF:****FOR IN MEETING USE ONLY**

**MOTION:** \_\_\_\_\_

**Roll Call****SUMMARY:**

Y	N		Y	N	
<input type="checkbox"/>	<input type="checkbox"/>	Councilor Debbie Randolph, Ward #1	<input type="checkbox"/>	<input type="checkbox"/>	Councilor Janice Denton, Ward #5
<input type="checkbox"/>	<input type="checkbox"/>	Councilor Arlene Holloway, Ward #2	<input type="checkbox"/>	<input type="checkbox"/>	Councilor Brenda Pelham, Ward #6
<input type="checkbox"/>	<input type="checkbox"/>	Councilor John B. Partin, Ward #3	<input type="checkbox"/>	<input type="checkbox"/>	Vice Mayor Patience Bennett, Ward #7
<input type="checkbox"/>	<input type="checkbox"/>	Mayor Jasmine Gore, Ward #4			



**CSA Financial/Compliance Program Audit  
Quality Improvement Plan**

<b>Audit Client Name:</b>	Hopewell City CSA Program
<b>Audit/File Number</b>	02-2017
<b>Audit Report Date:</b>	9/12/17
<b>Quality Improvement Plan Date:</b>	10/27/2017

**Instructions: A separate form must be completed for each audit condition included in the final report.**

QUALITY IMPROVEMENT PLAN DETAILS					
Observation No.	Task Description	Responsible Party	Target Date	Self Reporting Status	
				In Progress	Completed
1A	<p><b>Ineligible Extended School Year</b> The CSA Coordinator will no longer pay invoices prior to the FAPT case manager approving the invoice.</p>	FAPT Case Manager/CSA Coordinator  DSS Director	1/31/2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>
1B	<p><b>Ineligible Independent Living Services:</b> A CSA audit report debriefing meeting for the Hopewell CPMT was held on 08/21/2017. The auditor indicated that Independent Living Services for the referenced youth were determined ineligible for State reimbursement because the youth having turned 18 would have needed to voluntarily accepted IL Services and there was no documentation in the record indicating that the youth requested/agreed to the services. Agency Response: Attached is a redacted copy of the service agreement signed by the youth which was filed in the Foster Care record. A copy of the signed agreement is available upon request. Hopewell CPMT asserts that Independent Living Services totaling \$79,323.26 (State Share) provided to the referenced youth are eligible costs.</p> <p><b>Ineligible Treatment Foster Care Service:</b> The referenced youth turned 18 in September 2013 and continued to receive Treatment Foster Care services until May 2016.</p>				



**CSA Financial/Compliance Program Audit  
Quality Improvement Plan**

After becoming aware that there were a number of local DSS's providing foster care services to youth after their 18<sup>th</sup> birthday although many of these youth were only eligible for independent living, VDSS issues Broadcast 9088 (dated 4/2015). The Broadcast advised LDSS's that there was no legal authority to provide foster care services to youth who have reached their 18 birthday (except under 3 exceptions) - none of which the referenced youth qualified under. The Broadcast advised LDSS's:

- For youth who are eligible for independent living services rather than foster care services, efforts must be made to transition them out of foster care placements as quickly as possible. *Hopewell DSS was taking every effort it had at its disposal to accomplish this.*
- Efforts should be made to convert existing foster home or treatment foster home placements to independent living arrangements. *Again Hopewell DSS was taking every effort it had to achieve this.*
- If youth have significant special needs such that they require a higher level of care than can be provided in an independent living arrangement, efforts must be made to transition these youth to the appropriate adult agencies in order to access a higher level of care. *Hopewell DSS had referred the referenced youth to DARS.*

It should be noted that Broadcast 9088 did not stipulate a date for the above efforts to be achieved, i.e., an absolute end date when current foster care services had to be curtailed. It is the understanding of Hopewell DSS that the State purposefully did not state an end date so as to allow LDSS's to affect the required transitions and to ensure that no youth were left without viable options.

The August 2017 CSA Program Audit Report for Hopewell determined that Treatment Foster Care Services in the amount of \$141,721.96 (State Share) was ineligible for State reimbursement based on the date that the referenced youth turned 18 (Sept 2013).

**Agency Response:**

At the earliest, ineligible program costs should be determined based on the issuance of State guidance provided in Broadcast 9088 dated April 2015. Hopewell DSS has conducted research and cannot find any guidance prior to Broadcast 9088 which specifically addresses this matter. In fact Broadcast 9088 was issued because VDSS, while doing "extensive research" in preparation for the General Assembly, "became aware that some Local Departments of Social Services have been providing foster care services to youth between 18 and 21...". This would seem to further validate the point that there was no clear guidance prior to the April 2015 Broadcast.

Using the issuance of Broadcast 9088 as the start date would be consistent with the calculations as



**CSA Financial/Compliance Program Audit  
Quality Improvement Plan**

found in the Request for Technical Assistance Report (Table A), conducted by Carol Wilson, OCS, dated August 2016. In this report, ineligible program costs were based on a start date of April 2015 thru May 2016 (when services were ended). The total amount of ineligible cost for foster care services was calculated to be \$60,516.32.

**Table A: CSA Local Payments/State Share**

Date	Basic Maint.	Enhanced M	Support & Sup	TOTAL	State Share %	State Share \$
April 2015	\$686.00	\$2,016	\$3,900	\$6,602	73.33	4,841.25
May 2015	686.00	2,016	4,030	6732	73.33	4,936.58
June 2015	686.00	2,016	3,900	6602	73.33	4,841.25
July 2015	686.00	1,792	3,255	5733	73.33	4,204.01
August 2015	686.00	1,792	3,255	5733	73.33	4,204.01
September 2015	686.00	1,792	3,150	5628	73.33	4,127.01
October 2015	686.00	1,792	3,255	5733	73.33	4,204.01
November 2015	686.00	1,792	3,150	5628	73.33	4,127.01
December 2015	686.00	1,792	3,255	5733	73.33	4,204.01
January 2016	686.00	1,792	3,255	5733	73.33	4,204.00
February 2016	686.00	1,792	3,045	5523	73.33	4,050.02
March 2016	686.00	2,016	3,255	5957	73.33	4,368.27
April 2016	686.00	2,016	3,150	5852	73.33	4,291.27
May 2016	686.00	2,016	2,635	5337	73.33	3,913.62
<b>Total</b>	<b>\$9,604.00</b>	<b>\$26,432</b>	<b>\$46,490</b>	<b>\$82,526</b>	<b>N/A</b>	<b>\$60,516.32</b>

As mentioned, Broadcast 9088 did not stipulate a date when LDSS's could no longer provide foster care services to youth who turned 18 and did not qualify under the aforementioned 3 exceptions.

It could be argued that 6 to 12 months is a reasonable period to expect localities to transition ineligible youth out of foster care placements and to provide for independent living arrangements. This would be consistent with the clear intent of Broadcast 9088 to not specify a concrete deadline to facilitate the orderly transition of youth into independent living.

It is requested that ineligible program costs should be determined based on a date 6 to 12 months from April 2015 (the issuance of Broadcast 9088).



**CSA Financial/Compliance Program Audit  
Quality Improvement Plan**

Date	Basic Maint.	Enhanced M	Support & Sup	TOTAL	State Share %	State Share \$
October 2015	686.00	1,792	3,255	5733	73.33	4,204.01
November 2015	686.00	1,792	3,150	5628	73.33	4,127.01
December 2015	686.00	1,792	3,255	5733	73.33	4,204.01
January 2016	686.00	1,792	3,255	5733	73.33	4,204.00
February 2016	686.00	1,792	3,045	5523	73.33	4,050.02
March 2016	686.00	2,016	3,255	5957	73.33	4,368.27
April 2016	686.00	2,016	3,150	5852	73.33	4,291.27
May 2016	686.00	2,016	2,635	5337	73.33	3,913.62
<b>Total</b>	<b>\$5,488</b>	<b>\$15,008</b>	<b>\$25,000</b>	<b>\$45,496</b>	<b>N/A</b>	<b>\$33,362.21</b>

6 months from April 2015 would encompass a period of eligibility from Oct 2015 thru May 2016, totally \$33,362.21.

12 months from April 2015 would encompass a period of eligibility from April 2016 thru May 2016, totally \$8,204.89.

It should be pointed out that in the case of provision of foster care independent living services to age 21, state DSS policy recently changed. While Hopewell's actions on this particular case were technically inappropriate by the letter of the law, they were (as acknowledged by the change in DSS policy) in the best interests of the child.

Hopewell CPMT respectfully requests that if called upon to reimburse the State for either of these amounts, the amount be deducted from the City's FY 2018 CSA allocation.

Additionally it is recommended that DSS staff receive in service DSS training to improve their knowledge, skills and abilities regarding transitional services.

Due to the change in DSS policy (the implementation of Fostering Futures), this particular type of situation can not arise again.



**CSA Financial/Compliance Program Audit  
Quality Improvement Plan**

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Please check if attachments are included.

If tasked described is not complete, please explain:

**PLAN APPROVAL**

<b>SIGNATURE:</b>	<b>Title:</b>	<b>Date:</b>
<b>PRINTED NAME:</b>		



**For OCS Program Auditor Use Only**

<input type="checkbox"/> Check if action plan is acceptable	Date received:	Reviewed by:	Date:
Action implemented: <input type="checkbox"/> Satisfactory <input type="checkbox"/> Not Satisfactory	Date verified:	Verified by:	



**CSA Financial/Compliance Program Audit  
Quality Improvement Plan**

<b>Audit Client Name:</b>	Hopewell City CSA Program
<b>Audit/File Number</b>	02-2017
<b>Audit Report Date:</b>	9/12/17
<b>Quality Improvement Plan Date:</b>	10/27/2017

**Instructions: A separate form must be completed for each audit condition included in the final report.**

QUALITY IMPROVEMENT PLAN DETAILS					
Observation No.	Task Description	Responsible Party	Target Date	Self Reporting Status	
				In Progress	Completed
2	<p>(a) FAPT and/or CSA Coordinator should ensure that minimum documentation requirements are met and maintained in client case file. Key documents include but are not limited to completed consent to exchange information form. In addition, IFSPS should contain measureable goals and objectives, strategies, and discharge planning.</p> <p>(b) CSA Coordinator should bring to each CPMT meeting a list of missing items to enable department heads to direct compliance from applicable staff to ensure a check and balance structure.</p> <p>(c) Case managers or administrative report staff will do reminder calls in addition to letters sent. Due to the nature of cases CSA works with, it is challenging to obtain parental involvement.</p> <p>(d) CPMT will review 10% of the total CSA caseload quarterly.</p>	CSA Coordinator/CPMT	3/1/2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>
				<input type="checkbox"/>	<input checked="" type="checkbox"/>
				<input type="checkbox"/>	<input checked="" type="checkbox"/>
				<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Please check if attachments are included.					
If tasked described is not complete, please explain: <b>Item (d) remains in progress, and will be completed during this fiscal year, in conjunction with CPMT and the CSA office.</b>					
PLAN APPROVAL					
SIGNATURE:			Title:	Date:	
PRINTED NAME:					

////////////////////////////////////



### CSA Financial/Compliance Program Audit Quality Improvement Plan

#### For OCS Program Auditor Use Only

<input type="checkbox"/> Check if action plan is acceptable	Date received:	Reviewed by:	Date:
Action implemented: <input type="checkbox"/> Satisfactory <input type="checkbox"/> Not Satisfactory	Date verified:	Verified by:	



**CSA Financial/Compliance Program Audit  
Quality Improvement Plan**

<b>Audit Client Name:</b>	Hopewell City CSA Program
<b>Audit/File Number</b>	02-2017
<b>Audit Report Date:</b>	9/12/17
<b>Quality Improvement Plan Date:</b>	10/27/2017

**Instructions: A separate form must be completed for each audit condition included in the final report.**

**QUALITY IMPROVEMENT PLAN DETAILS**

Observation No.	Task Description	Responsible Party	Target Date	Self Reporting Status	
				In Progress	Completed
3	Hopewell CPMT will form a workgroup to develop and approve a strategic plan utilizing the SMART objectives in the following domains: community engagement, quality improvement, data utilization, innovation.	CPMT	3/1/2018	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Please check if attachments are included.

If tasked described is not complete, please explain:

**This item will be completed following the completion and approval of CPMT policies and procedures.**

**PLAN APPROVAL**

<b>SIGNATURE:</b>	<b>Title:</b>	<b>Date:</b>
<b>PRINTED NAME:</b>		



**For OCS Program Auditor Use Only**

<input type="checkbox"/> Check if action plan is acceptable	Date received:	Reviewed by:	Date:
Action implemented: <input type="checkbox"/> Satisfactory <input type="checkbox"/> Not Satisfactory	Date verified:	Verified by:	



**CSA Financial/Compliance Program Audit  
Quality Improvement Plan**

<b>Audit Client Name:</b>	Hopewell City CSA Program
<b>Audit/File Number</b>	02-2017
<b>Audit Report Date:</b>	9/12/17
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**Instructions: A separate form must be completed for each audit condition included in the final report.**

**QUALITY IMPROVEMENT PLAN DETAILS**

Observation No.	Task Description	Responsible Party	Target Date	Self Reporting Status	
				In Progress	Completed
4	Hopewell CPMT will update the Policy and Procedure manual to reflect current regulations.	CSA Coordinator	3/1/2018	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Please check if attachments are included.

If tasked described is not complete, please explain:

**This item is currently being addressed, and will be completed during the second quarter of this fiscal year.**

**Actions to date: Twelve (12) policy/procedures workgroup sessions, with CPMT members and CSA Coordinator**

**Next steps: Draft policy manual to be presented and reviewed with the entire CPMT during the next two (2) regular CPMT meetings (10/21 & 11/18).**

**PLAN APPROVAL**

<b>SIGNATURE:</b>	<b>Title:</b>	<b>Date:</b>
<b>PRINTED NAME:</b>		



**For OCS Program Auditor Use Only**

<input type="checkbox"/> Check if action plan is acceptable	Date received:	Reviewed by:	Date:
Action implemented: <input type="checkbox"/> Satisfactory <input type="checkbox"/> Not Satisfactory	Date verified:	Verified by:	



**CSA Financial/Compliance Program Audit  
Quality Improvement Plan**

<b>Audit Client Name:</b>	Hopewell City CSA Program
<b>Audit/File Number</b>	02-2017
<b>Audit Report Date:</b>	9/12/17
<b>Quality Improvement Plan Date:</b>	10/27/2017

**Instructions: A separate form must be completed for each audit condition included in the final report.**

**QUALITY IMPROVEMENT PLAN DETAILS**

Observation No.	Task Description	Responsible Party	Target Date	Self Reporting Status	
				In Progress	Completed
5	Private provider reps, parent reps, and local government reps are to complete SOEI forms by January 1 of each year and provide a copy to CSA Coordinator.	Private Provider, parent and local government reps.	1/1/2017	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Please check if attachments are included.

If tasked described is not complete, please explain:  
**This item will be completed upon roles being filled.**

**PLAN APPROVAL**

<b>SIGNATURE:</b>	<b>Title:</b>	<b>Date:</b>
<b>PRINTED NAME:</b>		



**For OCS Program Auditor Use Only**

<input type="checkbox"/> Check if action plan is acceptable	Date received:	Reviewed by:	Date:
Action implemented: <input type="checkbox"/> Satisfactory <input type="checkbox"/> Not Satisfactory	Date verified:	Verified by:	



**CSA Financial/Compliance Program Audit  
Quality Improvement Plan**

<b>Audit Client Name:</b>	Hopewell City CSA Program
<b>Audit/File Number</b>	02-2017
<b>Audit Report Date:</b>	9/12/17
<b>Quality Improvement Plan Date:</b>	10/27/2017

**Instructions: A separate form must be completed for each audit condition included in the final report.**

**QUALITY IMPROVEMENT PLAN DETAILS**

Observation No.	Task Description	Responsible Party	Target Date	Self Reporting Status	
				In Progress	Completed
6	Hopewell CPMT now has a Health Department rep and is actively recruiting for FAPT parent representatives. Hopewell CPMT is reaching out to other CPMTs for assistance with strategies to recruit and retain parent representatives.	CPMT and CSA Coordinator	1/1/2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please check if attachments are included.

If tasked described is not complete, please explain:

**PLAN APPROVAL**

<b>SIGNATURE:</b>	<b>Title:</b>	<b>Date:</b>
<b>PRINTED NAME:</b>		



**For OCS Program Auditor Use Only**

<input type="checkbox"/> Check if action plan is acceptable	Date received:	Reviewed by:	Date:
Action implemented: <input type="checkbox"/> Satisfactory <input type="checkbox"/> Not Satisfactory	Date verified:	Verified by:	



**CSA Financial/Compliance Program Audit  
Quality Improvement Plan**

<b>Audit Client Name:</b>	Hopewell City CSA Program
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<b>Quality Improvement Plan Date:</b>	10/27/2017

**Instructions: A separate form must be completed for each audit condition included in the final report.**

**QUALITY IMPROVEMENT PLAN DETAILS**

Observation No.	Task Description	Responsible Party	Target Date	Self Reporting Status	
				In Progress	Completed
7	<p>While Hopewell CPMT uses Medicaid funded services whenever available and appropriate, use of EPSDT has been problematic given the (at times very lengthy) delay in consideration of submitted requests.</p> <p>At the present time, the only cases served through Hopewell CSA are mandated cases with no copay requirements. Should other cases be considered and approved, the CSA Coordinator will ensure that all parents and guardians will be assessed a copay before any copay eligible services begin.</p>	CPMT and CSA Coordinator	1/1/2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please check if attachments are included.

If tasked described is not complete, please explain:

**PLAN APPROVAL**

<b>SIGNATURE:</b>	<b>Title:</b>	<b>Date:</b>
<b>PRINTED NAME:</b>		



**For OCS Program Auditor Use Only**

<input type="checkbox"/> Check if action plan is acceptable	Date received:	Reviewed by:	Date:
Action implemented: <input type="checkbox"/> Satisfactory <input type="checkbox"/> Not Satisfactory	Date verified:	Verified by:	

**SB-4**



# CITY OF HOPEWELL CITY COUNCIL ACTION FORM

**Strategic Operating Plan Vision Theme:**

- Civic Engagement
- Culture & Recreation
- Economic Development
- Education
- Housing
- Safe & Healthy Environment
- None (Does not apply)

**Order of Business:**

- Consent Agenda
- Public Hearing
- Presentation-Boards/Commissions
- Unfinished Business
- Citizen/Councilor Request
- Regular Business
- Reports of Council Committees

**Action:**

- Approve and File
- Take Appropriate Action
- Receive & File (no motion required)
- Approve Ordinance 1<sup>st</sup> Reading
- Approve Ordinance 2<sup>nd</sup> Reading
- Set a Public Hearing
- Approve on Emergency Measure

**COUNCIL AGENDA ITEM TITLE:**

Beacon Theater Fund Update

**ISSUE:** During a recent Council meeting, issues were raised regarding the Beacon Theater and the requests from auditors for various records. An update is requested on the status of those requests.

**RECOMMENDATION:****TIMING:**

**BACKGROUND:** This is a Council request

**ENCLOSED DOCUMENTS:**

- None

**STAFF:****FOR IN MEETING USE ONLY**

**MOTION:** \_\_\_\_\_

**Roll Call****SUMMARY:**

Y	N		Y	N	
<input type="checkbox"/>	<input type="checkbox"/>	Councilor Debbie Randolph, Ward #1	<input type="checkbox"/>	<input type="checkbox"/>	Councilor Janice Denton, Ward #5
<input type="checkbox"/>	<input type="checkbox"/>	Councilor Arlene Holloway, Ward #2	<input type="checkbox"/>	<input type="checkbox"/>	Councilor Brenda Pelham, Ward #6
<input type="checkbox"/>	<input type="checkbox"/>	Councilor John B. Partin, Ward #3	<input type="checkbox"/>	<input type="checkbox"/>	Vice Mayor Patience Bennett, Ward #7
<input type="checkbox"/>	<input type="checkbox"/>	Mayor Jasmine Gore, Ward #4			

**SB-5**



# CITY OF HOPEWELL CITY COUNCIL ACTION FORM

**Strategic Operating Plan Vision Theme:**

- Civic Engagement
- Culture & Recreation
- Economic Development
- Education
- Housing
- Safe & Healthy Environment
- None (Does not apply)

**Order of Business:**

- Consent Agenda
- Public Hearing
- Presentation-Boards/Commissions
- Unfinished Business
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- Regular Business
- Reports of Council Committees

**Action:**

- Approve and File
- Take Appropriate Action
- Receive & File (no motion required)
- Approve Ordinance 1<sup>st</sup> Reading
- Approve Ordinance 2<sup>nd</sup> Reading
- Set a Public Hearing
- Approve on Emergency Measure

**COUNCIL AGENDA ITEM TITLE:**

Fiscal Year 2017 Auditors Report

**ISSUE:** Discussion of the audit findings

**RECOMMENDATION:**

**TIMING:**

**BACKGROUND:** This is a Council request

**ENCLOSED DOCUMENTS:**

- None

**STAFF:**

**FOR IN MEETING USE ONLY**

**MOTION:** \_\_\_\_\_

**Roll Call**

**SUMMARY:**

Y	N		Y	N	
<input type="checkbox"/>	<input type="checkbox"/>	Councilor Debbie Randolph, Ward #1	<input type="checkbox"/>	<input type="checkbox"/>	Councilor Janice Denton, Ward #5
<input type="checkbox"/>	<input type="checkbox"/>	Councilor Arlene Holloway, Ward #2	<input type="checkbox"/>	<input type="checkbox"/>	Councilor Brenda Pelham, Ward #6
<input type="checkbox"/>	<input type="checkbox"/>	Councilor John B. Partin, Ward #3	<input type="checkbox"/>	<input type="checkbox"/>	Vice Mayor Patience Bennett, Ward #7
<input type="checkbox"/>	<input type="checkbox"/>	Mayor Jasmine Gore, Ward #4			



**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of City Council  
City of Hopewell, Virginia

We were engaged to audit, 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*, 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 the City of Hopewell, Virginia (City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 10, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Responses as items 2017-001 through 2017-008 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 results of our tests disclosed instances of noncompliance or other matters required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2017-009 through 2017-014.

## **The City's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*P. B. Mares, CPA*

Harrisonburg, Virginia  
June 10, 2019

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2017**

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**Section I. FINANCIAL STATEMENT FINDINGS**

## A. Material Weaknesses in Internal Control

**2017-001: Material Weakness Due to Lack of Timely Reconciliations, Lack of Adequate Year End Close Procedures and Lack of Adequate Internal Controls over Budget Transfers**

Criteria: In order to prepare financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), accurate and complete general and subsidiary ledgers, along with supporting records, must be maintained to support the existence, completeness, accuracy, and valuation of all assets and liabilities, revenues, and expenditures/expenses to ensure an accurate presentation of the financial position and activity of the City of Hopewell, Virginia (City) for the fiscal year just ended. The efficient, effective, and timely preparation of the Comprehensive Annual Financial Report (CAFR) depends heavily on personnel from various City departments and the School Board and includes closing the City's and School Board's general ledgers, performing appropriate financial analyses and reconciliations of yearly activity, and accumulating the required data for reporting. In order to verify that the transactions are fairly presented, procedures must be in place and functioning effectively to ensure the financial information is complete, accurate, and in accordance with GAAP. Also, budget transfers should be properly supported and approved in accordance with City policy.

Condition/Context: During the fiscal year 2017 audit and financial reporting processes, multiple instances were identified where the complete and accurate recording of financial transactions within the general ledger did not occur including (but not limited to) the following:

- The City and School Board were unable to reconcile the City and School Board's cash and investments balances with financial institutions to the balance per the general ledger at June 30, 2017 until December 2017.
- The City has been unable to reconcile customer accounts receivable from the billing software to the balance per the general ledger for the Storm Water, Solid Waste, and Sewer Service funds.
- The City was unable to reconcile the City's property taxes receivables to the balance per the general ledger at June 30, 2017 until May 2018.
- Funding receipts from the Commonwealth of Virginia to the City was not reconciled to the general ledger at June 30, 2017, to verify accuracy and completeness of the transactions, until May 2018.
- Other receivables, capital asset, accounts payable and other accrued liability balances were also not reconciled timely to subsidiary records.
- Over 50 journal entries were made to the trial balance provided for audit.
- Budget transfers sampled for testing lacked adequate support and approval in accordance with City policy.
- Financial information was not accumulated to allow for required CAFR disclosure in accordance with GAAP, specifically significant contractual commitments.

Cause: During fiscal year 2017, the City's Finance Department lacked the required technical skills to analyze and reconcile the myriad of City transactions both timely and accurately. Internal control processes, including management oversight, were not in place to monitor related account activities, including budget transfers, to ensure the existence, completeness, accuracy, valuation, and disclosure of all assets and liabilities, revenues, and expenditures/expenses in the City's CAFR.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2017**

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**Section I. FINANCIAL STATEMENT FINDINGS (Continued)**

A. Material Weaknesses in Internal Control (Continued)

**2017-001: Material Weakness Due to Lack of Timely Reconciliations, Lack of Adequate Year End Close Procedures and Lack of Adequate Internal Controls over Budget Transfers (Continued)**

Effect: The controls in place to close the year-end books, reconcile the balances, analyze the period transactions, and accumulate and assimilate such data into a timely, GAAP compliant financial report simply did not function, leading to the inefficient use of City Finance personnel and hours that would have been better served in other City Finance operations. Additionally, budget transfers which lacked documented approval and adequate support in accordance with City policy appear to have occurred.

Recommendation: The City should ensure finance staff have adequate technical skills or training to perform their accounting functions accurately and timely. We recommend increasing levels of oversight over budget transfers and to ensure reconciliations are performed timely and formal year end close procedures are documented and followed to support the existence, completeness, accuracy, valuation, and disclosure of all assets and liabilities, revenues, expenditures/expenses, and significant contractual commitments reported in the City's CAFR.

Repeat Findings: 2015-001, 2015-002, and 2016-001

Views of Responsible Officials: Management of the City agrees with the Auditor's findings and recommendations.

**2017-002: Material Weakness Due to Material Audit Adjustments and Restatements**

Criteria: The year-end financial statements obtained from the City and School Board should be final and free of significant misstatements.

Condition/Context: Upon auditing the year-end balances of the City and School Board, there were instances of material adjustments identified, including entries to restate prior periods. An audit adjustment was identified to correct the School Board's cash balance. Entries were also required to restate prior periods for the following:

City:

Business-Type Activities:

Hopewell Regional Wastewater Treatment Facilities Fund (HRWTF)

- Correct prior year accounts receivable and revenue

Sewer Service Fund:

- Correct prior year accounts receivable and revenue

Solid Waste Fund:

- Correct prior year accounts receivable and revenue

Storm Water Fund:

- Correct prior year accounts receivable and revenue

Cause: There was lack of adequate accounting technical skills and insufficient review to ensure items noted above were accurately recorded.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2017**

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**Section I. FINANCIAL STATEMENT FINDINGS (Continued)**

A. Material Weaknesses in Internal Control (Continued)

**2017-002: Material Weakness Due to Material Audit Adjustments and Restatements (Continued)**

Effect: As noted above, the effect of these transactions was to misstate prior and current year net position of the City. The necessary entries above were significant to the financial statements and were included as adjustments in order to more accurately represent the financial position of each of the above. Failure to not record the items noted above would be a departure from accounting principles generally accepted in the United States of America.

Recommendation: The City and School Board should ensure finance staff have adequate technical skills or training to perform their accounting functions accurately and timely. We recommend the City and School Board increase levels of oversight over maintaining accurate account balances.

Repeat Findings: 2015-001, 2015-002 and 2016-002

Views of Responsible Officials: Management of the City agree with the Auditor's findings and recommendations.

**2017-003: Material Weakness Due to Lack of Accurate Supporting Records (Disclaimer of Opinions)**

Criteria: The year-end financial statements obtained from the City should be adequately supported by sufficient and appropriate audit documentation.

Condition/Context: Upon auditing the year-end balances of the City, City personnel was unable to provide sufficient audit documentation to support the amounts recorded on the City's financial statements for its Business-Type Activities, including the Sewer Service Fund, Solid Waste Fund, Storm Water Fund and Beacon Theatre Fund.

Cause: The policies and procedures surrounding the billing and accounting records for service charges, unbilled and unearned revenues, contributions and credit adjustments between the City and its customers for the Sewer Service Fund, Solid Waste Fund, and Storm Water Fund were not consistently and accurately applied. Additionally, the City's third-party collections agent for sewer service, solid waste and storm water charges and fees was unable to substantiate balances for accounts receivable and service charges and fees in the Sewer Service Fund, Solid Waste Fund and Storm Water Fund. There was also a lack of oversight and monitoring of the financial operations of these funds by the City.

The City has not provided necessary oversight or been active in the management of the Beacon Theatre. The Beacon Theatre has contracted with a third-party management company to handle day-to-day operations. The management company outsourced the bookkeeping to another third party. Neither the management company nor the third-party bookkeeping entity were able to provide sufficient, appropriate audit evidence after repeated requests to support the financial statement amounts.

Effect: The effect is unknown as there was insufficient audit evidence to form opinions. As a result, opinions were disclaimed for the funds noted above.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2017**

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**Section I. FINANCIAL STATEMENT FINDINGS (Continued)**

A. Material Weaknesses in Internal Control (Continued)

**2017-003: Material Weakness Due to Lack of Accurate Supporting Records (Disclaimer of Opinions) (Continued)**

Recommendation: The City should ensure finance staff have adequate technical skills or training to perform their accounting functions accurately and timely. The City Finance Department and staff of the Sewer Service Fund, Solid Waste Fund, and Storm Water Fund should review and update existing policies and procedures over the billing and accounting functions of the Sewer Service Fund, Solid Waste Fund, Storm Water Fund, and Beacon Theatre Fund to ensure accurate reconciliations are performed timely between the general ledger, bank statements, and the third party bookkeeping entity for Beacon Theatre and third party collections agent for the Sewer Service Fund, Solid Waste Fund, and the Storm Water Fund. The City should also increase levels of oversight and monitoring over the financial activity of these funds as well.

Repeat Findings: 2015-001, 2015-002 and 2016-003

Views of Responsible Officials: Management of the City agrees with the Auditor's findings and recommendations.

**2017-004: Material Weakness Due to Lack of Management Contract for Beacon Theatre**

Criteria: The City should have signed contracts in place with all third-party management vendors. Additionally, the City should have policies and procedures in place to ensure routine oversight over these vendors is occurring.

Condition/Context: City personnel and the Beacon Theatre third-party management company were unable to provide adequate supporting documentation to support the amounts reported in the financial statements as prepared by the third-party management company. Furthermore, City personnel was unable to provide a signed contract between the City and the third-party management company detailing the services to be provided and any fees associated with these services. It was noted that City oversight of Beacon Theatre's operations and subsequent recordation of this activity was not occurring on a routine and ongoing basis.

Cause: Internal control processes were not in place to monitor, review and analyze transactions recorded outside of the City's normal financial applications. Additionally, City personnel did not retain contracts that would allow for routine oversight over third-party consultants.

Effect: The effect is unknown as there was insufficient audit evidence to form an opinion. As a result, an opinion was disclaimed for the Beacon Theatre Fund.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2017**

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**Section I. FINANCIAL STATEMENT FINDINGS (Continued)**

A. Material Weaknesses in Internal Control (Continued)

**2017-004: Material Weakness Due to Lack of Management Contract for Beacon Theatre (Continued)**

Recommendation: We recommend the City obtain a copy of the most recent contract between the City and the third-party management company. This contract should be reviewed and analyzed and the results of this analysis should be compared to the accounting records to ensure there are no monies due to the City. If the City is unable to locate a current contract, a new management contract should be executed. Additionally, we recommend the City establish a set of policies and procedures governing the City's oversight of Beacon Theatre's operations and the accurate recording of the financial activity on a recurring basis.

Repeat Finding: 2016-004

Views of Responsible Officials: Management of the City agrees with the Auditor's findings and recommendations.

**2017-005: Material Weakness Due to Lack of Segregation of Duties and System Based Logical Access Controls**

Criteria: Users with the ability to administer security to the financial applications should be segregated from users with the ability to administer the financial application's database and from those with end user capabilities to the financial applications. User access controls as well as system security should be monitored and evaluated on a periodic basis.

Condition/Context: The City implemented MUNIS in September 2014. It was noted that the City does not maintain proper segregation of duties over security, administration, and end user access to the financial application and database. Specifically, the City's Database Administrator has access to administer security within the MUNIS application, as well as being the administrator over the MUNIS database. Additionally, other end users of financial applications, including the Director of Finance, also have administrative permissions. These permissions could result in users having inappropriate access. It was noted that the City does not perform a periodic review of access privileges to the MUNIS application. Access privileges to the MUNIS application should be periodically reviewed by the users' management to verify that the level of access still accurately reflects the minimum level required for the user to perform their job function and accurately reflects an appropriate level of segregation of duties within logical access.

It was noted that the City's password and account lockout settings for the network do not match the settings defined within the City's Information Security Policy. Current settings include network password length of seven characters and an account lockout threshold of seven invalid attempts.

Additionally, based on a selection of journal entries that were tested, we noted a lack of segregation of duties over journal entry initiation, approval and posting.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2017**

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**Section I. FINANCIAL STATEMENT FINDINGS (Continued)**

## A. Material Weaknesses in Internal Control (Continued)

**2017-005: Material Weakness Due to Lack of Segregation of Duties and System Based Logical Access Controls (Continued)**

Cause: The implementation of new financial systems is a complex process and represents a material change to the system of internal control. After the initial implementation, system based roles and responsibilities require an evaluation to determine whether inherent conflicts exist within the system based roles and responsibilities and then whether system based roles and responsibilities are appropriately assigned to User Accounts based on the City's segregation of duties requirements and complimentary control elements in the City anti-fraud program of controls. The City has not re-evaluated its MUNIS system based roles and responsibilities for inherent conflicts and potential conflicts with assigned User Accounts and functional job responsibilities. Further, the City has not re-established periodic access review controls to ensure system based access continues to align with appropriate segregation of duties. Also, the City lacks adequate internal control over journal entries.

Effect: Without a thorough review of journal entries and system based roles, responsibilities, and end user access, the City is subject to an increased exposure to unintended consequences in the form of error and fraud until the control environment matures on the MUNIS environment and controls are placed in service.

Recommendation: We recommend the City:

- A. Segregate users with the ability to administer security to the financial application from users with the ability to administer the financial application's database. In addition, the City should segregate access for users with the ability to administer security to the financial application from those with end user capabilities to the financial application. If access cannot be segregated, a mitigating control should be implemented to log all security changes made by the personnel and be periodically reviewed by an independent group.
- B. Perform scheduled periodic reviews of user access for the MUNIS application on an annual basis in order to identify unauthorized/inappropriate access based on job function, as well as to identify any terminated users who have remained active in the application. These reviews should be documented and changes identified during the access review should be processed in accordance with the access provisioning procedures.
- C. Revise the current network settings for password length and account lockout threshold to the industry best practices of eight characters in length and three invalid attempts, respectively.
- D. Review procedures over journal entries and modify as necessary to ensure adequate segregation of duties.

Repeat Finding: 2015-003 and 2016-007

Views of Responsible Officials: Management of the City agrees with the Auditor's findings and recommendations.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2017**

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**Section I. FINANCIAL STATEMENT FINDINGS (Continued)**

A. Material Weaknesses in Internal Control (Continued)

**2017-006: Material Weakness Due to Untimely Social Services LASER Reconciliations to the General Ledger**

Criteria: According to the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, Chapters 3-15 Social Services section entitled *General Ledger Reconciliation*, “amounts reported in LASER must be reconciled monthly to be in compliance with Section 3.60, LASER Expenditure Reconciliation and Certification, of the *LDSS Finance Guidelines Manual for Local Departments of Social Service*.”

Condition/Context: During the fiscal year 2017 audit, it was determined the monthly LASER amounts were not being reconciled to the general ledger. The fiscal year ended 2017 LASER reconciliation was not completed until June 2018.

Cause: Lack of monthly reconciliations and monitoring of compliance.

Effect: Noncompliance with reconciliation requirements resulted in errors in recording transactions and in lack of reimbursement of certain eligible expenses resulting in a loss of state revenue.

Recommendation: We recommend the City and Department of Social Services implement procedures to ensure compliance with the specifications of the APA and perform timely LASER reconciliations to the general ledger.

Repeat Finding: 2016-008

Views of Responsible Officials: Management of the City agrees with the Auditor’s findings and recommendations.

**2017-007: Material Weakness Due to Lack of Debt Management Procedures**

Criteria: Debt management procedures should exist to ensure capital expenditures associated with debt agreements are paid from the debt proceeds and not operating funds. The procedures should include steps to monitor compliance with all debt covenants.

Condition/Context: The City has unspent bond proceeds invested in the Virginia State Non-Arbitrage Program (SNAP) and is not reconciling the SNAP investment accounts to capital project activity; therefore, drawdowns of the bond proceeds are not occurring timely. Capital expenditures incurred are initially being paid for using operating funds instead of immediately from corresponding bond proceeds.

Cause: Lack of reconciliations and debt management procedures.

Effect: Capital expenditures are being paid from operating funds instead of from associated bond proceeds and debt covenants have not been complied with.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2017**

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**Section I. FINANCIAL STATEMENT FINDINGS (Continued)**

A. Material Weaknesses in Internal Control (Continued)

**2017-007: Material Weakness Due to Lack of Debt Management Procedures (Continued)**

Recommendation: We recommend the City implement debt management procedures, reconcile bond proceeds to capital expenditure activity.

Repeat Finding: 2016-009

Views of Responsible Officials: Management of the City agrees with the Auditor's findings and recommendations.

**2017-008: Material Weakness in Children's Services Act Allowability and Eligibility Procedures**

Criteria: Pool disbursement transactions must be supported by a written contract or service agreement. They must be provided to a specific eligible youth or family (and include a child-specific unit price if contracts or purchase orders cover services for more than one youth). Disbursements must also be made as authorized by Community Policy Management Team policies and procedures, which must be consistent with the *Code of Virginia* statutes and the CSA Policy Manual.

Condition/Context: Of the 60 pool disbursement transactions selected for testing, the approved amount of the transaction exceeded the amount per Individual and Family Service Plan for five transactions. Pervasive to all transactions tested, purchase orders were not created or approved until after the date the service was provided. Known fraudulent activity occurred prior to fiscal year 2016, resulting in a special state review conducted on activity from 2013-2015 and a return of funds to the state.

Cause: Lack of oversight and monitoring of the CSA program requirements.

Effect: A weak internal control environment lacking required supporting documentation and lack of adequate review has the potential to result in improper and/or fraudulent expenses. As a result of both the special state review and litigation related to the fraudulent activity, the City was required to pay the Commonwealth of Virginia \$1,457,221 due to violations of Virginia law and CSA policy.

Recommendation: All purchases need to be reviewed for proper procurement procedures prior to committing funds. Increased levels of oversight, review, and monitoring should occur to ensure compliance with Virginia law and CSA policy.

Repeat Finding: 2016-010

Views of Responsible Officials: Management of the City agrees with the Auditor's findings and recommendations.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2017**

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**Section I. FINANCIAL STATEMENT FINDINGS (Continued)**

B. Compliance Findings

**2017-009: Untimely Social Services LASER Reconciliations to the General Ledger**

See finding 2017-006.

**2017-010: Commonwealth of Virginia Yearly Financial Reporting**

Criteria: According to Section 15.2-2510 of the *Code of Virginia*, local governments must submit their audited financial report to the Commonwealth of Virginia's APA by November 30 of each year.

Condition/Context: The City did not submit its audited financial report to the APA by the required date.

Cause: The City lacked the appropriate internal controls necessary to close the year end books, reconcile account balances, analyze the period transactions, and assimilate and accumulate such data into a timely, GAAP compliant financial report.

Effect: Noncompliance with the Commonwealth's requirements may result in sanctions.

Recommendation: The City should implement corrective action aimed at enhancing internal controls to ensure that financial reporting is made in accordance with Section 15.2-2510 of the *Code of Virginia*.

Repeat Finding: This is a repeat of finding 2015-004 and 2016-016.

Views of Responsible Officials: Management of the City agrees with the Auditor's findings and recommendations.

**2017-011: Children's Services Act Allowability and Eligibility Procedures**

See finding 2017-008.

**2017-012: Noncompliance with Debt Covenants**

Criteria: The Series 2015 General Obligation Public Improvement Bond, Series 2015A General Obligation Public Improvement Bond, Series 2010 Sewer System Revenue Bond, Series 2011A Sewer System Revenue Refunding Bond and the Series 2011B Sewer System Revenue Bond require the City to submit audited financial reports to the purchaser within 270 days of the fiscal year end and, if not available, the City is required to provide unaudited financial statements at that time. The Series 2011 General Obligation School Bond and the Series 2010 General Obligation School Bond require the City to submit annual reports to the purchaser no later than twelve months after the fiscal year end. The Series 2011 General Obligation School Bond requires the City to submit audited financial statements to the purchaser on or before March 31 following the end of the City's fiscal year. The Series 2014 Taxable Sewer System Revenue Bond, Series 2011 General Obligation Public Improvement and Refunding Bonds and Series 2010 Sewer System Revenue Bonds require debt service reserves.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2017**

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**Section I. FINANCIAL STATEMENT FINDINGS (Continued)**

B. Compliance Findings (Continued)

**2017-012: Noncompliance with Debt Covenants (Continued)**

Condition/Context: The City did not provide audited or unaudited financial reports by the deadlines required by the debt covenants. Also, the City did not monitor debt service reserve accounts to ensure compliance with the requirements.

Cause: Lack of debt management procedures, oversight and monitoring of debt covenants.

Effect: Noncompliance with debt covenants could result in the debt being called.

Recommendation: We recommend increased levels of oversight and monitoring of all debt covenant requirements.

Repeat Finding: 2016-019

Views of Responsible Officials: Management of the City agrees with the Auditor's findings and recommendations.

**2017-013: Bank Not Identified as a Public Depository and Bank Accounts Not Identified as a Public Deposit**

Criteria: The *Code of Virginia* contains various requirements designed to safeguard state and local funds. Deposits must be secured in accordance with the Virginia Security for Public Deposits Act. The Act requires governments to use bank and financial institutions that meet specific collateralization requirements. Treasurers must ensure the qualified depository identifies the account(s) as public deposits.

Condition/Context: Upon auditing cash, it was determined that one of the banks used by the City was not identified as a qualified public depository. Furthermore, three bank accounts containing public monies were not identified individually by the financial institution as public deposits.

Cause: Lack of knowledge about the compliance requirements noted above.

Effect: The City is not in compliance with the *Code of Virginia*.

Recommendation: We recommend the Treasurer of the City review all of their accounts and ensure that accounts containing public deposits are properly marked as such. Additionally, the Treasurer of the City should determine with financial institutions that all of the City's public deposits are secured and ensure the financial institutions are included on the Department of the Treasury's listing of qualified depositories.

Repeat Finding: 2016-020

Views of Responsible Officials: Management of the City agrees with the Auditor's findings and recommendations.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2017**

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**Section I. FINANCIAL STATEMENT FINDINGS (Continued)**

**B. Compliance Findings (Continued)**

**2017-014: Lack of Compliance with Sections 15.2-2506 and 58.1-3001 of the *Code of Virginia* in the City's Virginia Public Assistance Fund and Community Development Block Grant Fund**

Criteria: No money may be paid out for any expenditure unless and until the governing body has made an appropriation for the expenditure (Sections 15.2-2506 and 58.1-3001 of the *Code of Virginia*).

Condition/Context: Upon auditing the City's Virginia Public Assistance Fund's and Community Development Block Grant Fund's year-end expenditures compared to their final approved budget, expenditures exceeded the final appropriated budget by a material amount.

Cause: There was a lack of budget monitoring throughout the year to ensure that sufficient appropriations were made for the City's Virginia Public Assistance Fund and Community Development Block Grant Fund expenditures.

Effect: The City has not complied with Sections 15.2-2506 and 58.1-3001 of the *Code of Virginia* and has made disbursements in the Virginia Public Assistance Fund and Community Development Block Grant Fund in excess of appropriations.

Recommendation: We recommend the City monitor the budget for all funds more closely throughout the year to ensure compliance with the *Code of Virginia*.

Repeat Finding: 2016-021

Views of Responsible Officials: Management of the City agrees with the Auditor's findings and recommendations.

**SB-6**



# CITY OF HOPEWELL CITY COUNCIL ACTION FORM

**Strategic Operating Plan Vision Theme:**

- Civic Engagement
- Culture & Recreation
- Economic Development
- Education
- Housing
- Safe & Healthy Environment
- None (Does not apply)

**Order of Business:**

- Consent Agenda
- Public Hearing
- Presentation-Boards/Commissions
- Unfinished Business
- Citizen/Councilor Request
- Regular Business
- Reports of Council Committees

**Action:**

- Approve and File
- Take Appropriate Action
- Receive & File (no motion required)
- Approve Ordinance 1<sup>st</sup> Reading
- Approve Ordinance 2<sup>nd</sup> Reading
- Set a Public Hearing
- Approve on Emergency Measure

**COUNCIL AGENDA ITEM TITLE:**

Review and approval of financial policies, resolutions, etc.

**ISSUE:** City Council reviewed the Resolution Adopting Hopewell City Policy Statements, the Resolution Reducing the Spending Limit to \$3,000 and the Budget Document at its August 20, 2019 meeting in Closed Session. Council is asked to review the documents again prior to adoption.

**RECOMMENDATION:**

**TIMING:** Action is requested at the September 10, 2019 meeting

**BACKGROUND:****ENCLOSED DOCUMENTS:**

- Resolution Adopting Hopewell City Policy Statements
- Resolution Reducing Spending Limit to \$3,000
- Budget Document

**STAFF:**

Sandra R. Robinson, City Attorney

**FOR IN MEETING USE ONLY**

**MOTION:** \_\_\_\_\_

**SUMMARY:**

- |                          |                          |                                    |                          |                          |                                      |
|--------------------------|--------------------------|------------------------------------|--------------------------|--------------------------|--------------------------------------|
| <b>Y</b>                 | <b>N</b>                 |                                    | <b>Y</b>                 | <b>N</b>                 |                                      |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor Debbie Randolph, Ward #1 | <input type="checkbox"/> | <input type="checkbox"/> | Councilor Janice Denton, Ward #5     |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor Arlene Holloway, Ward #2 | <input type="checkbox"/> | <input type="checkbox"/> | Councilor Brenda Pelham, Ward #6     |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor John B. Partin, Ward #3  | <input type="checkbox"/> | <input type="checkbox"/> | Vice Mayor Patience Bennett, Ward #7 |
| <input type="checkbox"/> | <input type="checkbox"/> | Mayor Jasmine Gore, Ward #4        |                          |                          |                                      |

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**Roll Call**

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**SUMMARY:**

- | <b>Y</b>                 | <b>N</b>                 |                                    |
|--------------------------|--------------------------|------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor Debbie Randolph, Ward #1 |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor Arlene Holloway, Ward #2 |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor John B. Partin, Ward #3  |
| <input type="checkbox"/> | <input type="checkbox"/> | Mayor Jasmine Gore, Ward #4        |

- | <b>Y</b>                 | <b>N</b>                 |                                      |
|--------------------------|--------------------------|--------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor Janice Denton, Ward #5     |
| <input type="checkbox"/> | <input type="checkbox"/> | Councilor Brenda Pelham, Ward #6     |
| <input type="checkbox"/> | <input type="checkbox"/> | Vice Mayor Patience Bennett, Ward #7 |

## **PROCUREMENT POLICY AND PROCEDURES**

### **PURPOSE**

A contract is a legal obligation of the City of Hopewell (“City”) and, therefore, must be on terms acceptable to the Hopewell City Council (“City Council”). Therefore, pursuant to the power vested in it by Art. IV, §2 of the Hopewell City Charter and Va. Code Ann. §§15.2-1100, *et seq.*, the City Council reserves to itself all authority to bind the City by contract, unless such authority is expressly delegated. Consequently, all contracts shall be submitted to the City Council for approval before such contracts can be effective and enforceable against the City.

In recognition of the City’s need to make purchases and enter into contracts in order to ensure operational efficiency, and deliver timely and critical services, the City Council, pursuant to the authority vested in it by Va. Code Ann. §2.2-4303(G), hereby adopts the following small purchase policy and procedures for the City.

This small purchase policy should be read in conjunction with the Virginia Public Procurement Act Va. Code Ann. §2.2-4300, *et seq.*, as amended, (“the Act”) and shall apply to all public purchasing regardless of its source. This policy shall operate to delegate the power to City employees to contract or make purchases for the City without first seeking its approval by City Council. Any contract not approved by City Council, and not otherwise falling within the applicable provisions specified herein, shall be deemed void and unenforceable.

Except as expressly provided herein, the provisions of the Act shall govern all procurement by the City.

## **DEFINITIONS**

*Contract* means all types of agreements (e.g., purchase, purchase order, contract, change order), regardless of what they may be called for the procurement of goods, services, insurance, or construction.

*Emergency* shall exist when a breakdown in essential service occurs or under any circumstances when supplies are needed for immediate use in work which may affect the safety, health or welfare of the public. Within 30 days of emergency, the City Manager or designee shall submit to City Council a written report detailing the nature of the emergency as well as full fiscal and budgetary impact of the emergency including, if necessary, the potential for a supplemental budget appropriation necessitated by the emergency.

## **VALIDITY OF CONTRACTS**

No public contract exceeding the value of \$20,000 shall be valid and enforceable against the City unless it is signed and approved as to form by the city attorney or designee, as well as signed and approved as to substance (terms of the deal) by the city manager or designee. In consultation with the city manager or designee, the city attorney may develop standard terms and conditions, forms, or other checklists for use with or in administration of public contracts.

## **UNAUTHORIZED CONTRACTS**

Contracts may not be artificially divided so as to constitute a small purchase.

**GENERAL PROVISIONS**

Employees are responsible for soliciting quotes for purchases as outlined below. Purchase orders submitted without the required quotes or a satisfactory explanation as to why quotes were not obtained (i.e., sole source, emergency, approved vendor) shall not be approved.

<u>Up to \$500</u>	One verbal quote is required.
<u>\$501-\$3000</u>	Three verbal quotes must be obtained. The quote summary must be attached to the invoice. Physical records regarding the dates, contacts, and quotes received shall be retained in the department's file for auditing purposes.
<u>\$3,001-\$5,000</u>	Three <u>written</u> quotes are required. The actual written quotes shall be retained in the department's file for auditing purposes Physical records regarding the dates, contacts, and quotes received shall be retained in the department's file for auditing purposes.
<u>\$5,001-\$20,000</u>	Three <u>written</u> quotes are required. Hard copies shall be attached to the purchase order.
<u>\$20,001 &amp; Above</u>	Must be competitively bid in accordance with the Act. City Council approval is required for all purchases in this category, except as provided for an emergency.

Items purchased more than once during a fiscal year (e.g. office supplies) do not need quotes every time a purchase is made. However, unless such purchases are made from an approved vendor list, competitive quotes for repeated purchases shall be sought at least once each year to ensure the

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vendors are competitive. Inasmuch as possible or feasible, employees should obtain goods and services through cooperative procurement with other local governments or units or by utilizing the Commonwealth of Virginia e-Marketplace.

**SOLE SOURCE PROCUREMENT**

Contracts for parts, supplies, or equipment that are available only from a single source shall be referred to as sole source purchases. Sole source purchase shall not be used for any type of service contracts. Sole source procurement may arise from the following instances:

1. Equipment for which there is no comparable competitive product or is available only from one supplier;
2. A part for which there is not commercially available substitute, and which can be obtained only from the manufacturer;
3. An item where 'compatibility' is the overriding consideration, e.g., computer software or hardware.

Purchases satisfying one or more of these requirements shall not be subject to competitive bidding; however, purchases exceeding \$20,000 shall still be presented to City Council for approval. For all purchases submitted to City Council as a sole source procurement shall be accompanied by a written request to waive bids which shall also set forth the reason(s) for the request.

**EMERGENCY PURCHASES**

Emergency shall be defined as set forth herein. Whenever, in the judgment of the City Manager, an emergency situation requires the make of any purchase in excess of \$20,000 but less

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than \$35,000 prior to the next regular meeting of the City Council, the City Manager may make such purchase without waiting for the formal approval of the specific purchase by City Council but shall make a report thereof to the City Council at the next regular meeting of the City Council. If the emergency purchase is over \$35,000, approval of the City Council is required and request therefor shall be accompanied by a written request to approve the emergency purchase which shall also set forth the reason(s) for the request.

**CHANGE ORDERS**

Subsequent to entering into a contract, change orders may become necessary. The City Manager shall have the authority to approve all change orders up to \$35,000. Any change order, singularly *or in the aggregate*, that exceeds \$35,000 must be approved by the City Council.

**RECONCILIATION REQUIRED**

Each department that utilizes this small purchase policy during any given month shall be required to reconcile all purchases executed during that month. To comply with this requirement, each department must designate the person/position who will be tasked with responsibility of reconciling the transactions of the department, and be responsible for investigating, resolving, and reporting out to the Finance Department (copy to City Manager) discrepancies, should such occur. The person/position designated for reconciling the transaction shall *not* under any circumstances be the person/position who initiated or authorized the underlying purchase. This requirement shall not be waived.

For purchases over \$3,000, reconciliation shall require that the expense of the purchase match up and is verified by all documentation required by this policy. Reconciliation should be

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completed monthly. Reconciliation reports required for any month shall be due to the Finance Department (copy to City Manager) by no later than the 15<sup>th</sup> day of the following month. Department reconciliation reports shall be retained by Finance Department in accordance with general accounting principles and with all applicable provisions of state and federal law. Under no circumstances shall a department reconciliation report be destroyed prior to the completion of the comprehensive annual financial audit the fiscal year that covers the month for which the reconciliation report was generated.

DRAFT

**RESOLUTION ESTABLISHING  
GUIDELINES FOR BUDGET DOCUMENTS**

WHEREAS, pursuant Art. IV, § 2 of the Hopewell City Charter all of the powers of the City of Hopewell (“City”) are vested in and to be exercised by the Hopewell City Council unless expressly conferred on another position of government; and

WHEREAS, in accordance with state law, the City of Hopewell must adopt a budget each year by no later than July 1; and

WHEREAS, notwithstanding the fact that pursuant to Art. V, §4 of the Hopewell City Charter, the City Manager has the responsibility of preparing and submitting the budget to the City Council for adoption, and administering it thereafter, the information contained in the budget is as determined by the City Council, except as otherwise required by general law. (Art XVII, §2); and

WHEREAS, one of the most recent audit performed and completed on the City’s financial records found that, among other deficiencies, year-end expenditures exceeded the final appropriated budget for one City fund; and

WHEREAS, coupled with all of the other noted material weaknesses, the City’s outside auditors recommended that the City more closely monitors expenditures to ensure that no money is paid out until the governing body has made an appropriation for it, in compliance with Va. Code §15.2-2506; and

WHEREAS, the City does not comprehensive stand-alone policies and procedures relative to the preparation and administration of the budgets submitted to and approved by the City Council; and the City Council has determined that the existence of such policies and procedures

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would aid the City in avoiding the errors and omissions that led or contributed to the negative findings reported as part and parcel of recent audit reports relative to the City's financial condition. Pursuant to its authority under Art. VII, §7 Virginia Constitution, Art. XVII, § 2 of the Hopewell City Charter, and Va. Code Ann. §§15.2-1106 and 15.2-2500 et seq. the City Council acts and therefore

BE IT RESOLVED on this \_\_\_\_\_ day of \_\_\_\_\_, 2019, the Hopewell City Council hereby establishes the following policies and procedures for the budget(s) submitted to the City Council by the City Manager, and which shall take effect immediately upon approval by the City Council:

1. The City Manager shall submit the annual budget to the City Council no less than 90 days prior to the end of the fiscal year.
2. To ensure the timely submission of the annual budget to the City Council, City departments shall be required to submit their annual budget estimates to the City Manager by no later than December 1.
3. After a public hearing on the budget, prior to adoption thereof, the City Council may insert new items of expenditure or may increase, decrease, or strike out an item of expenditure recommended by the City Manager's budget, except that no item or expenditure related to debt service or required by general law or the instructions/restrictions related to a grant award shall be reduced or stricken. In no event shall City Council adopt a budget in which the total amount of expenditures exceeds the estimated receipts of the City, unless at the same time the City Council adopts measures for providing additional revenue in the ensuing fiscal year sufficient to make up this difference.

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4. As the power to appropriate funds has been vested in the local governing body, the City Council hereby reserves to itself all power to appropriate funds received by the City of Hopewell, regardless of its source. No budget submitted to the City Council shall contain any statement or reference that authorizes the City Manager or Finance Director or any other City Staff to appropriate funds (whatever the source). Any appropriation made contrary to and in violation of this provision shall be deemed void as a matter of law. Any appropriation knowingly made in violation of this provision may result in disciplinary action, up to and including termination from City employment.

5. No payment shall be made and nor any expense incurred except in accordance with an appropriation duly made by the City Council unless the City Manager shall first certify that there is sufficient unexpended and unencumbered balance in an appropriated category, and that the payment of such expenses is not expected to cause the appropriated department budget to be exceeded. Any expenditure or obligation authorized or incurred in violation of these provisions shall be deemed void as a matter of law. Any payment or expense knowing made or incurred, as the case may be, in violation of this provision may result in disciplinary action, up to and including termination from City employment.

6. An appropriation for a capital expenditure shall carry forward to the following fiscal year(s) until the City Council changes or eliminates the appropriation. The project or purpose for a capital appropriation shall be deemed abandoned if three year pass from the initial appropriation without any disbursement or encumbrance of the appropriation.

7. Appropriations tied to or resulting from a grant award shall first be restricted based on the instructions or requirement. To ensure that the City's expenses are aligned with the

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priorities of the City, whether imposed by general law or as established by the City Council, no grant requiring any matching funds shall be applied for by any City staff without the expressed approval of the City Council.

8. A transfer shall mean the movement of all or a portion of an existing appropriation between one budget item (i.e., budget line) to another budget item. The City Manager shall have one-time transfer authority up to \$25,000 between appropriated budget items for any one department, provided that the budget item from which the transfer is being made is unencumbered and so long as the total budget appropriated for that department will not be exceeded. Nothing contained herein shall be construed to give the City Manager the expressed or implicit authority to transfer funds between City departments without the expressed approval of City Council, as such shall be construed as an appropriation to the recipient department.

9. All prior grants of authority delegated by the City Council to the City Manager or Finance Director that are conflict with these provisions are hereby withdrawn.

10. These policies may be amended, from time to time, until comprehensive policies and procedures are established.

11. These provisions shall be effective immediately upon approval/adoption by the Hopewell City Council.

**A RESOLUTION ADOPTING  
HOPEWELL CITY POLICY STATEMENTS**

**WHEREAS**, pursuant to Va. Code Ann. §2.2-4303 the City of Hopewell is authorized to establish purchase procedures that do not require competitive bidding or negotiation under specified circumstances; and

**WHEREAS**, the City's Policy and Procedures Purchasing Goods, Services, and Non-Transportation Costing less than \$55,000.00 (referenced as Number Z-2), and Formal Purchasing Procedures - \$55,000+ (referenced as Z-1) were prepared and implemented in good faith by staff, pursuant to this said authority; and

**WHEREAS** for these said policies and procedures, attached hereto and incorporated by reference, to be properly implemented they must be adopted in writing by the local governing body; now therefore, pursuant to its authority under Va. Code Ann. §§2-2-4303 and 15.2-1100, *et seq.*

**BE IT RESOLVED** that on this 20th day of August, 2019, the Hopewell City Council hereby adopts the policies incorporated herein, effective August 2, 2017, and also approves and ratifies all contracts/purchases made pursuant to and in strict compliance with these said policies from August 2, 2017 to date. Contracts or purchases having not been made in compliance with these policies or competitive bidding or negotiation, and which were not expressly approved the Hopewell City Council shall not be ratified.

**BE IT FURTHER RESOLVED** that effective \_\_\_\_\_, relative to the purchasing policy referenced as Number Z-2, shall be amended to limit department director/employee authorization to purchase goods or services without the expressed approval of City Council to an amount no greater than \$3,000.

VOTING AYE:

VOTING NAY:

ABSTAINING:

ABSENT:

ATTEST:

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Ronnieye Arrington, City Clerk

DRAFT

**ADJOURN**