

**August 24, 2021**  
**Special City Council Meeting**

**MINUTES OF THE REGULAR MEETING OF CITY COUNCIL HELD AUGUST 24, 2021**

A Regular Meeting of the City Council of the City of Hopewell, Virginia, was held Thursday, August 24, 2021 at 6:30 p.m.

PRESENT: Patience A. Bennett, Mayor, Ward 4  
John B. Partin, Jr., Vice Mayor, Ward 7  
Deborah B. Randolph, Councilor, Ward 1  
Jasmine E. Gore, Councilor Ward 3 (running late)  
Janice B. Denton, Councilor, Ward 5  
Brenda S. Pelham, Councilor, Ward 6

ABSENT: Arlene Holloway, Councilor, Ward 2  
  
John March Altman, Jr., City Manager  
Sandra Robinson, City Attorney  
Mollie Bess, City Clerk

ROLL CALL: Mayor Bennett - Present  
Vice Mayor Partin - Present  
Councilor Randolph - Present  
Councilor Holloway - ABSENT  
Councilor Gore - Present – running late  
Councilor Denton - Present  
Councilor Pelham - Present

Information provided by Mr. Terry, City's Finance Director, in form of a report was passed out by City Clerk to all Council members. Mayor Bennett reported that the City Treasurer would arrive by 7:00 p.m.

Mayor Bennett then called Mr. Terry to podium. She then noted that the closed meeting was there in case we did need to go into closed session.

Motion made by Vice Mayor Partin and seconded by Mayor Bennett to approve the agenda.

ROLL CALL: Councilor Randolph - Yes  
Vice Mayor Partin - Yes  
Councilor Denton - Yes  
Councilor Pelham - Yes  
Mayor Bennett - Yes

Motion Passes: 5/0

Point of Order called by Councilor Denton – According to the Agenda it is a closed and we have the motion and then we were to discuss the two items and then adjourn. City Attorney stated that there are two things that govern this meeting, the primary being the call of the meeting, the special meeting notice indicated that some or all of the discussion may take place in closed session, so that is primary to the consideration. As far as the agenda, it has been the practice of this body to insert the closed meeting motion on all of your agendas that is why that closed meeting motion is there. As long as the body decides that the conversation is going to take place in open session, that governs. So if there is something that needs to be discussed in closed, you then make the motion to go into closed session with the motion provided. Councilor Denton stated that if the auditors were not able to attend, she saw no point in this

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meeting at all and since the auditors were not going to be here. She stated she is not for this meeting as we do not have all of the parties here tonight, that have been asked to be here and provide information.

Mayor Bennett stated that she called this Special Meeting because she wanted the citizens to know what has been holding up 2018, what were the reasons for the delay.

Mayor Bennett recalled Mr. Terry to the podium and stated that there were several questions that she had stated in an email to him for discussion. She first asked him to discuss the finance report that was submitted to Council on August 10, 2021. Mr. Terry stated City financial statements have been reviewed and corrected, sent back by the auditors, edits were made and then resubmitted back to the auditors. Single audit will be issued as a separate report. The auditor will take all into consideration in addition to his review and he will issue an opinion, at that point and time they will finalize and the 2018 audit will be available for public issuance and that is anticipated at the September 28 meeting. Secondly, the 2017 Single Audit has been completed and submitted to the federal audit clearing house. At the meeting on the 28<sup>th</sup> the auditor will also talk about that. FYI – there was only one finding, 2016 there were none, it was due to files not being available so the auditor could not have evidence to support and that was the only one in that particular single audit for 2017. Once the Annual Financial Report is completed for 2018, then the single audit for 2018 will be done. In 2020, April, the auditors were given the first draft version, as working through that, two issues that had to be addressed, 1) the City cash reconciliation that had to be addressed and the 2) schools had some items that they had to address. In April of 2021 schools completed what it needed and gave a set of financial statements that could be reviewed and audited. From there, there were adjustments that had to be done to the first draft. All comments from auditor have been addressed and the auditors are now working to form an opinion.

Councilor Randolph asked why did it take a year for us to get from the first set of financials to the changed or redrafted financials submitted in May? Mr. Terry stated that were some difficulties that came from the past, there was a sufficient audit trail that some things were not properly done going back as far as 2014 or 2015. There were many other audit firms involved in the past and every time you switch auditors and with the City trying to catch up, keep in mind that the new auditors are not obligated to accept the evidence and the work of the prior auditors, they have to find it out for themselves. That took time. Schools were required to do a lot of follow-up work and that also took time. Mayor Bennett asked if MUNIS was part of the issue and Mr. Terry stated that MUNIS itself was not an issue, however, the input into MUNIS did not always match, it was not a MUNIS driven issue, it just provides the information from what is input. Mayor Bennett stated that Mr. Terry mentioned in April 2020 that you communicated to the schools and the Treasurer that you had a meeting with the auditors and that they stated that they needed more information. When you received the information from the auditors that there would be a delay until they received the information from the two entities, when did you communicate that to Council? He stated in his monthly reports. Mayor Bennett asked Mr. Terry, did you come and present to Council? Mr. Terry stated No! MB – in looking at your contract it says in paragraph 7, “contractor shall also each month physically appear and present to Council the first of each regular monthly meeting to summarize the content of the respective months report and to answer questions from City Council related to the contractor’s written report and other such questions may be deemed necessary”. For purposes of the position, did you feel it was immediate that you come and speak to Council? Councilor Randolph stated that the contract the Mayor was speaking from was dated November 2020 forward, so would not pertain to what he did or did not do in April. Mr. Terry was asked that from when he signed the current contract until now, did you present to Council that this was a hard stop? Mr. Terry stated that he had not been before Council.

Councilor Gore asked Dr. Hackney to answer question about where they provided information to the auditors in a timely manner. Dr. Hackney stated that they had provided everything that was asked and multiple times they thought they were complete, however multiple reports came back indicated they

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needed to do something different, something additional. Determination was actual readiness and closure to the consultant, was extremely difficult and confusing. Know now systems did not talk to each other and much of the work had to be done by hand. It was a lengthy process. Janel spoke and said they had provided information to auditors in the past and it was acceptable, this time it was not acceptable, we had to very tediously cut every transaction for the entire year. Don't have staff to commit to that, so it took a lot of time. It was a constant back and forth for a year. During that year delay – does the Treasurer have anything specific to add? Treasurer's office stated that the cash reconciliation that they provided was done in 2018 and that same copy is the one that was provided April 2020.

Mr. Terry stated the role of the finance director is to have oversight and when the meeting was held in the spring of 2020, we went through and looked at what answers we thought needed to be provided to us. There were some items that were not recorded in the general ledger, but the reconciliation accounted for. Therefore, questions were raised. That information was provided to the City Manager. The Treasurer stated that they would not change their reconciliation and that was communicated to the auditor. Mr. Terry stated that the 2016 and 2017 single audit have been done. Robinson, Farmer and Cox, in their proposal, it includes the single audit for 2018. When this firm states it is going to audit the annual financial report, it includes the following: the annual financial report, audit of public accounts, single audit, and in some localities DEQ, so the 2018 single audit is included. Councilor Gore asked for the status of the Beacon Theater and the Enterprise account. Mr. Terry stated the Beacon theatre books do not match up with what they needed, so an email trail was sent as to what was needed. Their finances were included in the audit for the Beacon after they were given the format and process. Did the three enterprise accounts produce finance for there to be an opinion? The other enterprise accounts are a different animal all together, part has to do with the 3<sup>rd</sup> party provider that is being used, that they do not provide adequate information that is needed. Looking at bringing in internally that process. (Data Integrator). Gore – in the contract with Robinson, Farmer and Cox, Section B, time of performance, it says that the services here-in shall be performed on a timely regular basis, shall commence on September 1, 2020 and shall end on December 31, 2021 – so is this contract going to end with them at the end of this year and we still only have one audit completed? Mr. Terry stated that is correct as it was only a one year contract. Mayor Bennett asked Mr. Terry if he was able to communicate to the schools what was needed effectively, was the information clearly relayed to the schools. One year is way too long, were they clear on what was needed? Mr. Terry stated that he communicated that the auditors were not comfortable with the information that the schools provided. Did the auditors give you direct information as to what they needed – Mr. Terry responded in some cases yes and in some cases they went directly to the school for the information. Schools confirmed that the auditors contacted her and that she received clear guidance on what needed to be submitted.

Mayor Bennett stated to City Manager Altman in the resolution for the emerging procurement of professional services for contract we are talking about, we only have one year with Robinson, Farmer and Cox. There is a provision that Council approved to be in this contract with RF&C, why was this not included in the contract and did the City Attorney draft and approve it? City Manager Altman responded that what was approved by City Council was approved by Council was a single year, two was asked for but Council only approved one year. What was approved by Council for the City to execute was the engagement agreement that was provided to Council. Mayor Bennett stated that there was a contract that was asked, Council voted to have a contract to RF&C that was no so. RF&C gave a letter of agreement and secondly, Council asked for that provision to be in the contract, what are we actually paying them for? What services, because we do not have the single audits there. CM Altman – as was stated the single cost for the audit is shown as \$130,000 (see supporting documentation). They are auditing the federal dollars we receive, that is in the engagement letter, which serves as the contract with RF&C. Gore stated for clarification in the resolution that Council passed it says “that the performance of the delivery of services including a mandatory provision that such agents/representatives of RF&C Associates shall be physically present to Hopewell City Council upon request to provide status information and answer

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specific questions from Councilors without further charge to the City of Hopewell". Altman – they have to maintain their third party independence. Gore – that was not communicated back to Council. Who made the decision to not enforce this part of the contract? Altman – Auditors were not available to attend this meeting, we just invited them on Friday and the meeting was the following Tuesday. Council needs to be given copies of all contract and waivers that are to be signed. Gore mentioned that there was information from MUNIS that there was overage paid to the firm – can we get an explanation on that. CM Altman explained that we have a contract for \$130,000 with RF&C, we had a separate contract with them to do the 2016/2017 single audits. Gore – Council was told that there was a separate bill from RF&C for overages conducting the audit. Mr. Altman had no knowledge of that. Mr. Terry indicated they have been from previous audit firms. City Treasurer stated information on Bond payments and the corrections that needed to be made to those. All documentation has now been received and resolved. Current cash reconciliations is accurate for a month to month reconciliation. Mayor Bennett asked Mr. Terry if he was aware he was to be available and report to Council per your contract? Mr. Terry responded Yes, Mayor Bennett asked why did he not do so. The response was the new contract dated 11/2021 states that I am supposed to be on at the first of the month, I discussed with the City Manager that most of the data and information that is reported on is available at the second half of the month, so for the second meeting, which give time for the previous month to come through, that was in November when the contract was signed. Mayor Bennett asked Mr. Terry if he know that the second meeting of the month would be better, why didn't he go back to the City Manager and make him aware of that so that he could make Council aware? Are you billing the City of Hopewell outside of your contract? There were \$33,000 out of scope services fees there was not documentation with that. Mr. Terry responded NO, that he has not received anything outside of the contract, never billed outside of previous contract also. Mr. Terry said a lot of work was done that was not completed by previous auditors. If you did 413 hours outside of your scope and you have not received the payment for that, then why did you bill in the first place. Mr. Altman stated the contract was not approved until November, so Mr. Terry can be held responsible for something prior to the signed contract. Mr. Terry was out on medical leave starting in May of 2020. Gore – when contract was issued City Council was very clear that they did not want to hire a finance director because we wanted a contractor that Council can get direct information from.

Councilor Randolph stated that starting in September, 2021 we are expecting Mr. Terry to be at the first City Council meeting of each month and ready to report out on the previous month financials and to have the documentation to City Council by Friday before the meeting for Council to review. Mr. Altman will email Council when he becomes aware (or within 24 hours) that Mr. Terry is unavailable to attend a meeting.

We will move the Information/Presentations from the Consent Agenda to the first order of business after the consent agenda has been approved. The financial information that is provided by Mr. Terry will no longer be considered an R item since there is no action to be taken on it.

Motion made by Councilor Denton and seconded by Councilor Gore to adjourn the meeting

**ROLL CALL:**

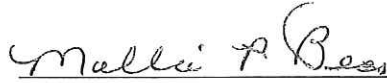
Councilor Randolph	–	yes
Vice Mayor Partin	–	yes
Councilor Gore	–	yes
Councilor Denton	–	yes
Councilor Pelham	–	no
Councilor Pelham	–	yes

Motion Passes: 5/1

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**ADJOURN**

Meeting adjourned



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Mollie P. Bess, City Clerk



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Patience Bennett, Mayor

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