

AGENDA



CITY OF HOPEWELL

Hopewell, Virginia 23860

AGENDA

(804) 541-2408
www.hopewellva.gov
info@hopewellva.gov
cityclerk@hopewellva.gov

CITY COUNCIL
John B. Partin, Jr., Mayor, Ward #3
Jasmine E. Gore, Vice Mayor, Ward #4
Rita Joyner, Councilor, Ward #1
Michael B. Harris, Councilor, Ward #2
Janice B. Denton, Councilor, Ward #5
Brenda S. Pelham, Councilor, Ward #6
Dominic R. Holloway, Sr., Councilor, Ward #7

Dr. Concetta Manker, City Manager
Beverly Burton, Interim City Attorney
Brittani Williams, City Clerk
Bryan Hurdle, Interim Assistant City Clerk

July 24, 2024

SPECIAL MEETING

Closed Session- 6:30 PM
Open Session: 7:00 PM

6:30 p.m.

Call to order, roll call, and welcome to visitors

CLOSED MEETING

SUGGESTED MOTION: Move to go into closed meeting pursuant to VA Code § 2.2-3711(A)(29) “Discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body.” and to the extent such discussion will be aided thereby.

RECONVENE OPEN MEETING

CERTIFICATION PURSUANT TO VIRGINIA CODE § 2.2-3712 (D): Were only public business matters (1) lawfully exempted from open-meeting requirements and (2) identified in the closed-meeting motion discussed in closed meeting.

SPECIAL MEETING

Regular Business

R-1 – Munis Financial System School Board Discussion – Dr. Manker

R-2 – Project Management Office and Accounting Remediation Services – Robert Bobb Group

BOARD/COMMISSION VACANCIES

Architectural Review Board – 1 Vacancies
Board of Building Code and Fire Prevention Code Appeals – 5 Vacancies
Keep Hopewell Beautiful – 1 Vacancy
Recreation and Parks – 4 Vacancies
Library Board – 1 Vacancies
DSS – 7 Vacancies
District 19 – 2 Vacancies
Board of Zoning Appeals – 2 Vacancies
Economic Development Authority – 1 Vacancy

Adjournment

**CLOSED
MEETING**

RECONVENE OPEN MEETING

REGULAR BUSINESS

R-1

R-2

City of Hopewell

**Project Management Office and
Accounting Remediation
Services**

July 24, 2024



Agenda

- 1. Progress to Date & Recent Successes**
- 2. Internal Control Deficiencies & Future Expectations**
- 3. Standard Operating Procedures (SOPs)**
- 4. ERP Implementations**
- 5. Transition Plan**

Key Points to Cover

- **Progress Update:** Provide a comprehensive update on the progress made in the project, focusing on key areas of Munis implementations, Standard Operating Procedures (SOPs), and their significance for the city.
- **Future Outlook:** Outline the expected benefits and future improvements as a result of the established internal controls and ERP system enhancements.
- **Transition Plan:** Discuss the transition plan for ongoing support and responsibilities, emphasizing the role of the Deputy City Manager.
- **City Council Support:** Highlight how the city council can support the transition and ensure the continued success and improvement of the city's financial and operational management.

Progress To Date & Recent Successes

Key Achievements and Milestones

- **True-Up Process Approved:** Presented and approved by Industry Partners, enhancing financial transparency.
- **Bank Reconciliations Completed:** FY 2019 - 2023 reconciliations completed; FY 2024 underway and year end estimates completed.
- **ERP Implementations:** Pooled Cash Fund and Bid/Contract Management module implementations were completed as of July 1st. The Bank Reconciliation Manager is available in Test database.
- **SOP Approvals:** Final approval received for Budget, Personal Property, Public Service, and Bank Franchise Tax SOP Word documents by the respective departments.

Financial Transparency for Industry Partners

By implementing the true-up process, the city has achieved greater financial transparency, enabling city leaders to make informed decisions with confidence, supported by reliable financial data.



Industry Assessment

- **Recent Achievements**
 - **True-Up Process**
 - Presented and **unanimously approved by the Industry Partners.**
 - Finalized and presented a conclusive report to City Council, symbolizing a pivotal achievement in enhancing the city's financial transparency and planning.
 - Clarified the use of funds for past operational overruns and future capital projects.
- **New Project Initiative**
 - **A new capital allocation plan is being developed to address past operational overruns and fund future capital projects, enhancing collaborative efforts and financial transparency.**

Reconciliation Progress

- **FY 2019 - 2023 Bank Reconciliations:** Complete
- **FY 2024 Bank Reconciliations:**
 - Initiated, with completion targeted for this fall, once the system and books have closed.
 - Cash account balances successfully adjusted and entered into the ERP system for the pooled cash fund implementation.
- **Other Reconciliations:** Enterprise and Schools Taxes Receivables, Accounts Payable, Debt Services are complete through FY 2023.

Reconciliation Progress

Bank Reconciliations	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
City AP 8187	X	X	X	X	X	TBD Fall
City Industrial Safety Council 3675	X	X	X	X	X	TBD Fall
City Master 8233	X	X	X	X	X	TBD Fall
City Payroll 3144	X	X	X	X	X	TBD Fall
City Police SCU 2034	X	X	X	X	X	TBD Fall
City Police Trust and Agency 6177	X	X	X	X	X	TBD Fall
City Sheriff 1023	X	X	X	X	X	TBD Fall
Data Integrators 5986	X	X	X	X	X	TBD Fall
EMS Recovery 8426	X	X	X	X	X	TBD Fall
Rec Credit Card 4559	X	X	X	X	X	TBD Fall
SB Cafe Prepay 7329	X	X	X	X	X	TBD Fall
SB Payroll 8217	X	X	X	X	X	TBD Fall
SB Treasurers 8225	X	X	X	X	X	TBD Fall
Special Welfare 1317	X	X	X	X	X	TBD Fall
Corporate Billing Acct 4540	X	X	X	X	X	TBD Fall
Beacon Theatre 2012 LLC 1811	X	X	X	X	X	TBD Fall
Beacon Theatre 2012 LLC 7967	X	X	X	X	X	TBD Fall

Reconciliation Progress

- **Fixed Assets Reconciliation:**
 - **FY 2019 - 2021:** Complete.
 - **FY 2022 and FY 2023:**
 - Acquisitions have been finalized.
 - Deletions are currently in progress.
 - Target completion is end of July 2024.

Fixed Assets	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Fund 32	X	X	X	July '24	July '24	TBD Fall
Fund 72	X	X	X	July '24	July '24	TBD Fall
Fund 49	X	X	X	July '24	July '24	TBD Fall
Fund 41	X	X	X	July '24	July '24	TBD Fall

FY 2020 Audit Status

- **Expected Completion Date**

- Financial statement drafts and auditors' opinion are **scheduled for completion by August 15, 2024.**
- Auditors will review **opening balances as of July 1, 2019**, ensuring accuracy and consistency with the previous fiscal year's ending balances.

- **Expected Results**

- **Goal:** Secure a “clean” audit opinion for the financial statements.
- **Identified Issues: Material weaknesses** in internal control over financial reporting **due to previous deficiencies.**
- **Outlook:** Material weaknesses are **expected** to persist **through at least FY 2024.**

Internal Control Deficiencies & Future Expectations

A material weakness exists when there are one or more problems in our process for overseeing financial reporting. These issues increase the risk that errors significant enough to impact the city's financial statements might not be caught or corrected quickly.

Past Audit Findings

SIGNIFICANT DEFICIENCIES

Inadequate cash reconciliation and poor financial reporting practices.

PROCEDURAL GAPS

Lack of proper procedures and controls.

TRAINING ISSUES

Insufficient staff training on the ERP system and financial management processes.

OPERATIONAL OVERSIGHT

Absence of Standard Operating Procedures (SOPs).

Internal Control Deficiencies

Deficiency in Internal Controls

Inadequate Cash Reconciliation

Significant discrepancies in the reconciliation of cash transactions.

Poor Financial Reporting

Inaccurate and untimely financial statements due to lack of proper procedures and controls.

Insufficient Staff Training

Lack of training for staff on the ERP system and financial management processes.

Lack of SOPs

Absence of documented procedures for financial processes and internal controls.



Impact of These Deficiencies

Financial Inaccuracy

Leads to unreliable financial statements, making it difficult for the city to understand its financial position.

Audit Issues

Inability to provide accurate financial records results in qualified opinions or disclaimers from auditors, damaging credibility.

Operational Inefficiencies

Inefficient processes and lack of clear guidelines hinder the city's ability to operate effectively.

Compliance Risks

Increased risk of non-compliance with laws and regulations due to lack of proper controls.

FY2025: Enhanced Controls & ERP

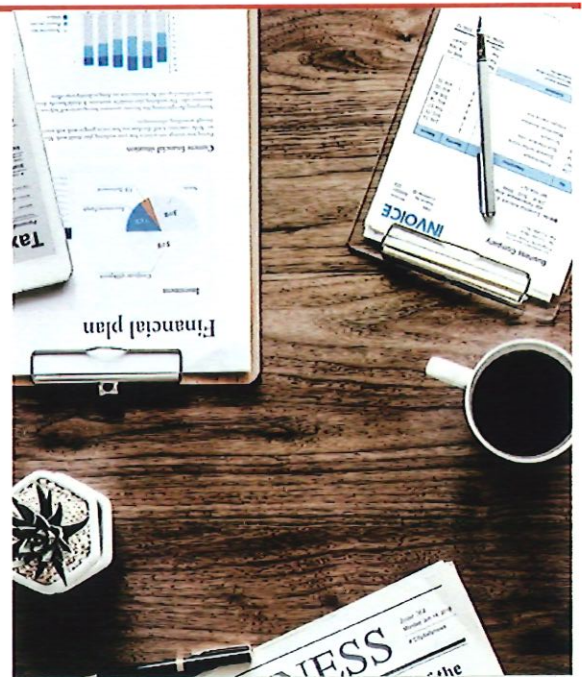
In FY 2025, Hopewell will focus on major financial operation improvements

- **Enhanced Accuracy:** Improved financial records and timely reporting.
- **Clean Audits:** Strengthened internal controls to achieve unqualified audit opinions.
- **Increased Efficiency:** Streamlined processes to reduce redundancy, boosting operational efficiency.
- **Strengthened Compliance:** Consistent procedures ensuring better adherence to regulations.
- **Boosted Confidence:** Reliable financial management increasing trust among city officials, residents, and creditors.

Standard Operating Procedures (SOPs)

“Standardization is the necessary foundation for improvement. Without standardization, there can be no improvement.”

—W. Edwards Deming



SOP Progress and Key Milestones

The Business Process Team and Departments have made great strides.

Approved SOP Word Documents

- ✓ Budget
- ✓ Accounts Payable
- ✓ Procurement
- ✓ Payroll
- ✓ Bank Franchise
- ✓ Public Service
- ✓ Personal Property
- ✓ Business Property

Next Steps

- **End of July**
 - 10 Additional SOP Word documents for review.
 - 8 Visio process flows in review.
- **August**
 - Complete remaining SOP Word documents and Visio flows.
 - SOP Training.

Standard Operating Procedures

Walkthrough	Narrative	SOP Word Document	SOP Visio Flowchart
Accounts Payable	Finalized	Approved w/Signoff	Final Review Updates
Asset Forfeiture	Finalized	Ready for Final Review	Updates – In Process
Bank Franchise Tax	Finalized	Approved w/Signoff	Final Review Updates
Budget	Finalized	Approved w/Signoff	Final Review Updates
Business License Tax	Finalized	Ready for Final Review	Hopewell Post Review 3 – Updates
Business Property Tax	Finalized	Approved w/Signoff	Final Review Updates
Children Service Act	Finalized	Hopewell Post Review 3 – Updates	Hopewell Post Review 3 – Updates
Data Integrators	Finalized	Final Review Updates	Final Review Updates

Standard Operating Procedures



Walkthrough	Narrative	SOP Word Document	SOP Visio Flowchart
Emergency Medical Services (EMS)	Finalized	Ready for Final Review	Hopewell Post Review 2 – Updates
Estimated Income Tax	Finalized	Awaiting Approval	Final Review Updates
Food & Beverage Tax	Finalized	Hopewell Post Review 3 – Updates	Hopewell Post Review 3 – Updates
Grants Accounting	Finalized	Ready for Final Review	Updates - In Process
Hopewell Water Renewal	Finalized	Ready for Final Review	Hopewell Post Review 2 – Updates
Machinery & Tools Tax	Finalized	Hopewell Post Review 3 – Updates	Hopewell Post Review 3 – Updates
Parks & Recreation	Finalized	Ready for Final Review	Hopewell Post Review 1 – Updates
Payroll	Finalized	Approved w/Signoff	Final Review Updates

Standard Operating Procedures

Walkthrough	Narrative	SOP Word Document	SOP Visio Flowchart
Personal Property Tax	Finalized	Approved w/Signoff	Final Review Updates
Procurement	Finalized	Approved w/Signoff	Final Review Updates
Public Service Tax	Finalized	Approved w/Signoff	Final Review Updates
Real Estate Tax	Finalized	Hopewell Post Review 2 – Updates	Hopewell Post Review 2 – Updates
Special Welfare	Finalized	Ready for Final Review	Hopewell Post Review – Updates
State Income Tax	Finalized	Awaiting Approval	Final Review Updates

Why SOPs Matter: Key Benefits for Hopewell



Standardization

Training

Efficiency

Accountability


Compliance

Trust and
Transparency

What's Next?

SOP Repository Updates:

Upload final approved PDF SOP documents and process flows.



SOP Training:

Schedule and facilitate department training(s).



Continuous Improvement:

Assign departmental SOP Owners, define maintenance schedules, guidance and support.

ERP Implementations

Key Implementations and Milestones

Pooled Cash Fund/Bank Reconciliation Implementation

- **Goal:** Institute ERP cash management and bank reconciliation manager best practices.
- **Current Status**
 - Successfully implemented Pooled Cash Fund on July 1st, a major project milestone.
 - City staff are now using the Pooled Cash Fund for all FY 2025 cash transactions.
 - Initial cash and investment balances were loaded on July 1st, with final adjustments scheduled by month-end for accuracy.
 - Bank Reconciliation Manager testing is in progress.

Key Implementations and Milestones

Pooled Cash Fund/Bank Reconciliation Manager Implementation

• Next Actions

- City staff will continue testing the Bank Reconciliation Manager in the Test/Train databases.
- If testing is successful and any outstanding decisions are resolved, city staff can begin using the Bank Reconciliation Manager in the Production environment the week of July 29, 2024. Otherwise, testing will continue.
- ERP Consultants will continue to assist and support city staff to ensure all functionalities operate correctly.

Pooled Cash/Bank Reconciliation Impact

Addresses a Critical Issue: The city has struggled with **inconsistent bank reconciliations**, impacting **clean audits** and **accurate financial reporting**. Implementing the Pooled Cash/Bank Reconciliation Manager aims to resolve this by **streamlining bank reconciliation and cash management processes**.

Expected Outcomes of Feature Implementation

With the successful implementation of these features, the city expects to achieve the following for FY 2025 and beyond:

**Enhanced Cash
Management**

**Consistent Bank
Reconciliations**

**Streamlined
Processes**

Bid/Contract Management Implementation

- **Goal:** Optimize procurement processes.
- **Current Status**
 - Successfully implemented Bid/Contract Management modules, marking a major milestone in the project.
- **Next Actions**
 - ERP Consultants will support city staff in stabilizing and correctly using the Bid/Contract Management system as needed.

Bid/Contract Management Impact

Addressing a Critical Issue: The procurement process lacked **formality** and **integration** into the ERP system, leading to **inefficiencies** and **missed opportunities**. Additionally, handling supplier contracts on **paper** increased the risk of **misplacement** and made **tracking** and **management** cumbersome.

Benefits of Bid/Contract Management

Contract Management

- Lifecycle Management
- Centralized Control
- Enhanced Oversight
- Improved Compliance

Bid Management

- Centralized Procurement
- Enhanced Visibility
- Time Efficiency
- Procurement Efficiency

Employee Expense Reimbursement (EER)

- **Goal:** Optimize procurement processes.
- **Current Status**
 - Four (4) training sessions completed.
 - Tyler Technologies assigned a new implementation consultant for better alignment, as requested by the ERP consultants, and proposed an updated schedule for the remaining four (4) sessions.
 - City staff confirmed their availability and are awaiting approval of the new dates.



Next Actions for EER



- Complete the remaining training sessions and proceed with the go-live.
- Target Timeline: 7/1/2024 (delayed) – Updated timeline to be determined.

Employee Expense Reimbursement Impact

Addressing a Critical Issue: The City of Hopewell faces challenges with employee expense reimbursement, including **documentation, internal controls, and process standardization**. A significant portion of Accounts Payable (AP) invoices and **employee expense management** is handled on paper, leading to **inefficiencies, errors, and processing delays**.

Benefits of Adopting EER Module

**Automated
Expense
Reporting**

**Faster
Reimbursements**

**Enhanced
Control**

**Improved
Compliance**

**Comprehensive
Reporting**

Security/Workflow Optimization

- **Goal:** Improve internal control and separation of duties.
- **Current Status**
 - The city successfully completed the short-term security updates in the ERP system and is currently working on the long-term security recommendations.
- **Next Actions**
 - **Long-Term Security Recommendations:** RBG strongly recommends finalizing the security updates, as they are critical internal controls needed to address material weaknesses in audits.
 - **Workflow Enhancements:** Implement workflow recommendations to optimize system efficiency.

Security/Workflow Optimization Impact

Addressing a Critical Issue: Past audits identified significant material weaknesses due to *improper segregation of duties* and *lack of periodic reviews of access privileges* in the ERP system. This oversight has led to *potential unauthorized or inappropriate access*, including active accounts for users who no longer need certain access levels or have been terminated.

Benefits of Improved Security for Hopewell

Reduced Risk

Limits unauthorized transactions and errors by ensuring proper segregation of duties.

Enhanced Security

Restricts superuser access to essential personnel only.

Improved Compliance

Aligns with audit recommendations and regulatory requirements.

Increased Accountability

Clarifies roles and responsibilities, fostering a more secure and transparent environment.

Benefits of Improved Security for Hopewell

**Electronic Workflow
Approvals**

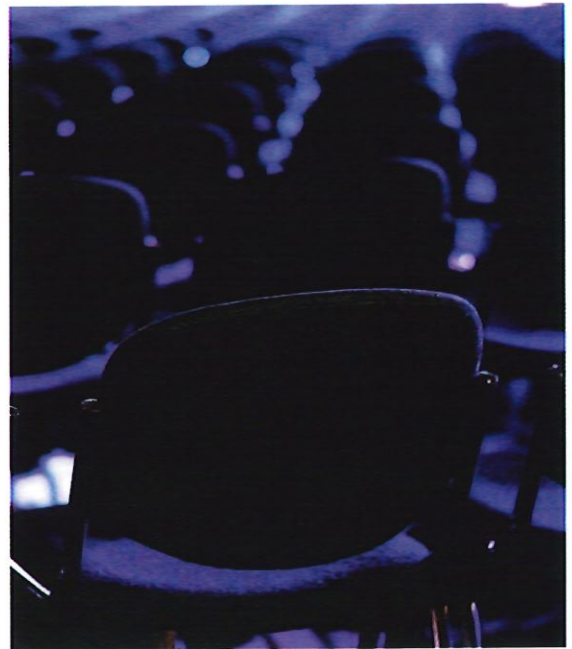
Budget Control

**Role-Based
Approvals**

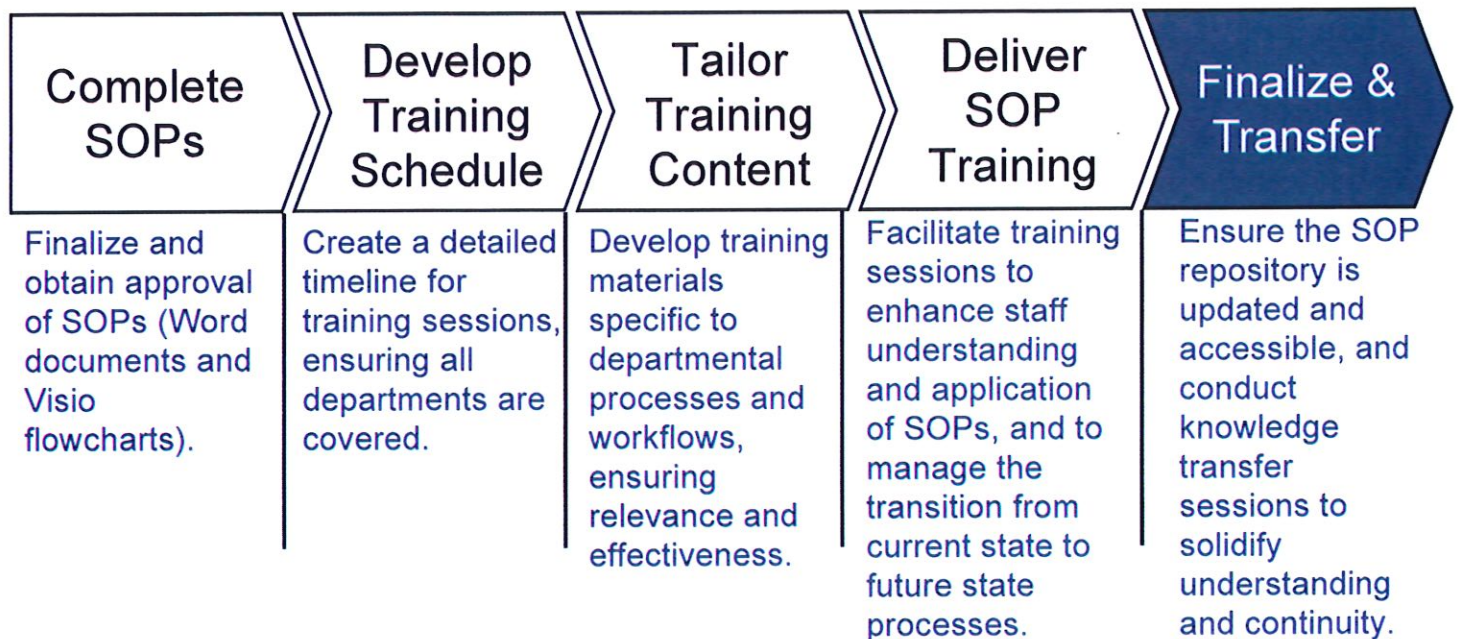
Transition Plan

"Cities thrive when they embrace change and innovation. The ability to adapt to new circumstances, while maintaining core values, is key to building a resilient and prosperous community."

– Adapted from concepts by Jim Collins and Bill Drayton.



Transition Plan: SOPs



Transition Plan: Accounting Remediation



Audit Adjustments

Analyze and implement adjustments based on the results of the FY 2020 audit.

Financial Statement Submissions

Prepare and submit the remaining financial statements for FY 2021, FY 2022, and FY 2023.

Audit Assistance

Collaborate with the City to assist with the results of upcoming audits.

Transition Plan: ERP System Implementations

Support the City Staff in:



Implementing the Employee Expense Reimbursement (EER) module.



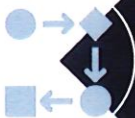
Completing the ERP Milestone Calendar.



Completing reconciliations using the Bank Reconciliation Manager program.



Implementing the Annual Comprehensive Financial Report (ACFR) Builder.



Finalizing the implementation of security and workflow updates.



Implementing Socrata Open Finance, contingent on accurate financial information.

Transition of RBG's Work and Future Steps

- **Hopewell Transition Lead – Deputy City Manager Hired:** James Gaston III, appointed as Deputy City Manager, started on July 10, 2024.
- **Deputy City Manager Responsibilities:**
 - Oversee ongoing employee training and onboarding of new hires.
 - Update and maintain Standard Operating Procedures (SOPs).
 - Manage audit issues and findings.
 - Ensure continuity and stability of Hopewell's financial and organizational structures.
- **Transition Collaboration:**
 - RBG team to work closely with City Manager and Deputy City Manager.
 - Develop a detailed timeline and work plan for the transition.
 - Conduct regular meetings to ensure a smooth handover of responsibilities.
 - Focus on effective transfer of knowledge to maintain operational continuity.

City Council Support of Transition

- **Engage Regularly:** Maintain regular communication with the City Manager and Deputy City Manager to stay updated on transition progress.
- **Attend Meetings:** Participate in key transition meetings to understand challenges and provide guidance.
- **Budget Approval:** Ensure necessary funding is available for training, and any additional resources needed.
- **Foster Teamwork:** Encourage collaboration between departments to ensure a unified approach to the transition.
- **Support Leadership:** Back the leadership of the Deputy City Manager to empower them in their new role.

Questions?

Thank you

ADJOURNMENT