



COUNTY OF HANOVER
FINANCE COMMITTEE

To: File

From: Jacob Sumner, Director of Finance and Management Services

Re: BOS Finance Committee Meeting Summary – 5/11/21

Meeting date: 5/11/2021

Attendees:

Committee Members:

Canova Peterson, Finance Committee Chairman, Board of Supervisors
Faye Prichard, Board of Supervisors
Sue Dibble, Board of Supervisors (joined meeting at 4:10 pm)

Staff: John Budesky, County Administrator Jacob Sumner, Director of Finance & Management Services	Presenters: Lauren Null, Finance Division Director Dustin Roderick, Manager, PBMares
Additional Attendees: Sean Davis, Board of Supervisors Michael Herzberg, Board of Supervisors Colonel David Hines, Sheriff Dennis Walter, County Attorney	

Agenda:

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| <ul style="list-style-type: none">• Amendment of Minutes from December 9, 2020 Meeting• Quarterly Financial Report• Future Board Agenda Items – Budget Supplements and Transfers• Federal Funding Update• Presentation by PBMares – Review Internal Audit’s Hotline Investigation 2016719 |
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Discussion: Call to Order at 3:31 p.m.; Adjourned at 4:38 p.m.

- 1. Amendment of Minutes from December 9, 2020 Meeting:** Mr. Sumner discussed with the Finance Committee members that meeting minutes are typically recorded in summary form. However, it was brought to staff’s attention that more complete minutes are required when there’s a closed session. As such, staff recommends amending the December 9th, 2020 meeting minutes to fully reflect the motion to go into closed session and the votes going into and certifying closed session. Motion to approve amended minutes by Ms. Prichard and seconded by Mr. Peterson.
- 2. Citizen Time:** Mr. Peterson opened the floor to any citizen wanting to address the Finance Committee. Mr. Bob Nelson, Chickahominy District, offered comments to the committee.

3. **Quarterly Financial Report:** Ms. Null reviewed the statement of revenues, expenditures and changes in fund balance/net assets for the nine months ended March 31, 2021 and a projection for the twelve months ended June 30, 2021 for the General Fund, Public Utilities Department and School Division Operating Fund. Ms. Null discussed variances to the prior year and to the appropriated budget. The FY2021 General Fund projection anticipates an operating balance of approximately \$19.5 million, which is planned for use in the FY22 County and Schools budgets and Five-Year Capital Plan.
4. **Future Board Agenda Items – Budget Supplements and Transfers:** Mr. Sumner discussed several upcoming Board of Supervisors agenda items related to budget supplements and transfers. The following items were presented for the May 12th meeting.
 - a. Budget Supplement – Solid Waste Transportation and Disposal - \$88,350
 - b. Budget Transfer – Registrar’s Office; June primary election - \$81,000 Reserve for Contingency
 - c. Budget Supplement – Sheriff’s Office; Use of Asset Forfeiture Funds - \$586,000
 - d. Budget Supplement – Reserve for Revenue - \$300,000

The following items were presented as potential items for the May 26th meeting.

- a. Budget Supplement – Lodging tax revenue and Greater Richmond Convention Center Authority - \$130,000
 - b. Budget Supplement – Social Services; Family First Prevention Services Act – approximately \$110,000
 - c. Budget Supplement and Transfer – Children’s Services Act - \$424,000 with \$91,000 from Reserve for Contingency
 - d. Budget Supplement – Community Services Board; Assertive Community Treatment – approximately \$175,000
5. **Federal Funding Update:** Mr. Sumner updated the Committee on Federal funding dollars the County is monitoring. As part of the American Rescue Plan Act (ARPA), Hanover County will be receiving \$20.9M from the Coronavirus State and Local Fiscal Recovery Fund. The funding will be delivered in two tranches with the first half 60 days after enactment and the second half one year later. There is a broad definition of allowable uses including lost revenue (limited to revenue loss due to the pandemic relative to the fiscal year prior to the emergency), negative economic impact of the pandemic, and necessary water, sewer or broadband infrastructure. Funds cannot be used to offset tax cuts or delay a tax. Deadline to use the funds is December 31, 2024. Further, ARPA includes a direct allocation for state governments for critical capital projects. Virginia is expected to receive \$222M. An education stabilization fund was also created with ARPA. State department of educations will receive direct allocations with 90% a direct pass through to local educational agencies. Local school districts must reserve 20% of the funding to address learning loss. Hanover County Public Schools is estimated to receive \$8.5M. Mr. Sumner briefly discussed the American Jobs Plan which is the President of the United States’ major infrastructure plan. Initial reports on the plan focus on critical infrastructure such as highways, bridges, ports, airports and transit systems. It also addresses job creation, raising wages, and securing U.S. supply chains.

6. Presentation by PBMares – Review Internal Audit’s Hotline Investigation 2016719:

Mr. Budesky provided background and context for Internal Audit hotline case #2016719 which involved an allegation of improper funding of a 2014 transportation project. Internal Audit conducted an investigation and issued a report in 2016. For four years after the Internal Audit report, multiple parties including County Administration and Board members continually corresponded with the citizen regarding the allegation and subsequent investigation. In October 2020, Mr. Budesky, with concurrence from Board members, endeavored to engage a third party entity to review Internal Audit’s processes and methods regarding case #2016719. On October 30, 2020, PBMares provided the County with an engagement letter and quote for consulting services. The engagement letter was signed by Mr. Budesky on November 3, 2020. PBMares presented the results of their engagement during a closed session of the Finance Committee on December 9, 2020 due to the personnel component of the report. As a follow up, the County requested PBMares to present the report in open session of the Finance Committee in May 2021.

Dustin Roderick, CPA, manager with PBMares, addressed the Finance Committee to review the results of their work. Mr. Roderick discussed PBMares was engaged to evaluate Internal Audit’s process for conducting the hotline investigation, whether sufficient evidence was available for Internal Audit to reach the conclusion in their report, and to evaluate the credentials of Internal Audit staff. PBMares was given full access to records and personnel, and the firm was independent of the County and management. Mr. Roderick stated all allegations were addressed in the Internal Audit report, evidence was sufficient to reach the report conclusions, and staff were sufficiently credentialed to conduct the investigation. Mr. Roderick reiterated that this engagement was a consulting engagement and not an audit thus no audit opinion would be rendered.

The Committee asked if the matter was resolved and if any further County resources would be devoted to Internal Audit hotline case #2016719. Mr. Walter commented that, as the review was completed and the matter was now resolved, no additional resources will be deployed regarding this specific case.