

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD
AGENDA**

DATE: September 27, 2022

Location: Video/Teleconference on ZOOM

<https://us02web.zoom.us/j/4291992467?pwd=Z21xUm81T3YxbDJLbnYxVGFWVC9wUT09>

Meeting ID: 429 199 2467

Passcode: 627583

301 715 8592

TIME: 6:45 p.m.

- I. Call to Order
- II. Discussion and action regarding the recommended performance measures contained in the Raftelis report "Performance Measurement Initiative, September 2022"
- III. Adjourn

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD**

DATE: September 21, 2022
LOCATION: Video/Teleconference on ZOOM
TIME: 6:45 p.m.

**Board Meeting
MINUTES**

PRESENT: Board Members: Jack Kelly, Kenneth MacRitchie, Bob Wright (Board Chair), William Spagnuolo, Darryl Parrish, Harold Hodges
Mayor and Council Liaison: Councilmember Beryl Feinberg
Staff Liaison: Xiaojing Zhang, Director of Accounting
Staff: Robert DiSpirito, City Manager; Jonathan Pierson, Assistant Director of Procurement

ABSENT: None

I. Call to Order

Mr. Wright called the meeting to order at 6:45 p.m.

II. Approve Agenda

Mr. Wright asked the Board if there were any changes to the agenda. Board members did not raise any changes.

III. Approve Minutes

Mr. Wright asked for a motion to approve the minutes from August 17, 2022. Mr. Kelly moved to accept the minutes. Mr. Spagnuolo seconded the motion. All members voted in favor.

IV. Reports

- Councilmember Feinberg informed the Board of the following: 1. On October 3rd, Raftelis will present their report on performance measurement at 7:55pm – Item #9. 2. Item #10 relates to the FY 2024 budget process. During this session, the budget processes and ideas for changes will be discussed. 3. Item #12 is for general interest where a discussion of town square will be held as well as policies and priorities. 4. On

October 17th work session, there will be three items, one of which will be the Financial Advisory Board's report on FY 2022 Annual Report and the proposed FY 2023 Action Plan. The time allocated for this presentation is approximately 20-30 minutes. The 2nd item is FY 2024 public hearing about prioritization. The last item is the master plan adoption for Red Gate. Councilmember Feinberg mentioned that the campaign for Rockville Goes Purple is the morning of September 22nd.

- Mr. Wright started to report on the McConnell Jones report. Mr. Wright stated that McConnell Jones did an investigation and made recommendations to the City regarding a payment fraud. Mr. DiSpirito reported that Ms. Webster and Ms. Lewis are not available for this meeting and introduced Mr. Pierson and Ms. Zhang as here tonight to address questions the Board members may have regarding the incident. Mr. DiSpirito provided the background of the Stanley Concrete incident. He stated that the City awarded a contract to Stanley Concrete, whose system was hacked. The company made a request to change their ACH information. He stated that no City funds were lost. The criminal investigation was performed by the police department, and the City worked with Montgomery County on the financial crime. He reported that this is an on-going effort for the City staff to review processes and introduce protective measures to prevent this from happening again. Mr. DiSpirito stated that the City cannot 100 percent eliminate hackers, but is working towards reducing the risks. Therefore, the City engaged McConnell Jones to assess current processes and procedures. McConnell Jones made nine recommendations and the City staff embrace these opportunities to protect the City better and make funds more secure. Mr. Pierson reported that the City adopted McConnell Jones' recommendations and are in the process of implementing them. Mr. Pierson reported that the process of secure link, the security setup, passwords, call-backs, as well as the security questions regarding banking information change requests have been implemented. Ms. Zhang reported that Accounts Payable staff have started the call-backs effective August 22nd, and the secure link was removed from the City's website. Ms. Zhang also reported that the City, with the help of technology, uses automation to approve workflow, and Accounts Payable is included in the workflow approval path. Ms. Zhang reported that the City staff spoke to their external auditors – CliftonLarsonAllen (CLA) – and CLA was not surprised or worried with this incident. In fact, they said it was becoming common. CLA is comfortable with the City's procedures and believes the future risk of fraud is low.
- Councilmember Feinberg congratulated the City on engaging McConnell Jones, as well as the positive feedback. Councilmember Feinberg thanked Mr. DiSpirito, Mr. Pierson, and Ms. Zhang. Regarding recommendations #3 and #4, Mr. Kelly and Councilmember Feinberg mentioned the procurement guide and checklist and suggested that the City implement the procurement report. Mr. Hodges asked to what extent was the relationship of the City with the vendor. Mr. DiSpirito reported that there was no familiarity, and the City was mindful of the process. There was no hint of favoritism. Mr. Hodges inquired what happened to the employee. Mr. DiSpirito replied that a City

employee was involved. For the employee it was not a disciplinary action, and the employee was not dismissed.

- Ms. Zhang reported that a performance measures training and briefing session for the Mayor and Council, as well as for FAB members was led by Raftelis. The session was held on July 26th, 2022. After that, Raftelis consultants had meetings with departments to review the existing performance measures and made constructive recommendations and comments for departments to review and select. Departments reviewed these recommendations and suggestions internally and made final their proposed/revised performance measures. Departments made sure the performance measures aligned with goals, as the goals are linked to the Mayor and Council critical success factors. Departments shared their revised performance measures with Raftelis. Raftelis will present their final report and recommendations to the Mayor and Council on October 3rd. The agenda packet will be posted to the website on September 28th.
- Mr. Kelly reported that he expects the Board to be highly involved with regards to the implementation of the Raftelis performance measures. Mr. Kelly expressed his disappointment that he was not asked to be more engaged with the process. Mr. DiSpirito stated that the Raftelis report was just finished, and he will check the update and the timing.
- Mr. Wright reported that capital projects beginning after five-years are not reflected in the Capital Improvement Program. That makes it a challenge to see priorities among all the capital projects foreseen. Mr. DiSpirito reported that the budget book does reflect the projects beyond five years. These projects may be shown as unfunded.
- Councilmember Feinberg reported that a community forum is part of the Mayor and Council meeting on October 3rd. She recommended Mr. Kelly attend and speak at it. Councilmember Feinberg reported that the City does not fund all projects. Unlike Montgomery County, who has a balanced budget, the City's budget is different. Planned Improvement Projects (PIP) do provide approximate out-years for implementation, and proponents (or opponents) should speak at community forums and public hearings regarding a specific PIP. Mr. DiSpirito expressed appreciation of the Board's valuable time and service.
- There were no other Board member reports.

V. Old Business

- Board members had no old business to take up.

VI. New Business

- Board members had no new business to take up.

VII. Future Meeting Dates and Agendas

The next meeting will be held on **October 20, 2022**, at 6:45 p.m. via teleconference and will include the following:

- I. Call to Order
- II. Approve Agenda
- III. Approve Minutes
- IV. Reports
- V. Old Business
- VI. New Business
- VII. Future Agenda and Meeting Dates
- VIII. Good of the Board
- IX. Adjourn

The meeting after that has not been decided. Ms. Zhang reported that the procurement annual report will be around December 5th and the presentation of the City's Annual Comprehensive Financial Report (ACFR) will be held on December 12th, 2022.

VIII. Good of the Board

Mr. Wright thanked Councilmember Feinberg, Mr. DiSpirito – City Manager and all Board members.

IX. Adjourn

Mr. Kelly made a motion to adjourn the meeting. Mr. Spagnuolo seconded. All members voted in favor. The meeting adjourned at 8:10 p.m.