



# City of Virginia Beach

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November 12, 2020

Patrick A. Duhaney, City Manager  
City Manager's Office  
City of Virginia Beach  
2401 Courthouse Drive  
Virginia Beach, VA 23456

**Subject: Results of Agreed-Upon Procedures for the City Services Bill Pandemic Relief Program**

Dear Mr. Duhaney,

We have performed the procedures listed below, which were agreed to by management with respect to the City Services Bill Pandemic Relief Program, to determine whether the the process for reviewing and approving applications is according to policy. The program provides financial assistance to eligible residential customers who are experiencing financial hardship due to the impacts of COVID-19.

We were not engaged to perform and did not perform an audit, the objective of which would have been the expression of an opinion or limited assurance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you. We completed the agreed-upon procedures on October 20, 2020.

This report is intended solely for the information and use of the City Manager's Office, the Department of Finance and City leadership. It is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

This agreed-upon procedures engagement was conducted in accordance with Government Auditing Standards (GAS). GAS incorporates financial and attestation standards established by the American Institute of Certified Public Accountants. These standards also provide guidance for performing and reporting the results of agreed-upon procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described herein either for the purpose for which this report has been requested or for any other purpose.

## **Background**

The City Services Bill Pandemic Relief Program provides financial assistance to qualifying applicants based on the services charged on their monthly Virginia Beach City Services Bill. The bill includes charges for solid waste collection, storm water, sanitary sewer and water services. Relief is not guaranteed and is dependent on eligibility and availability of funding.

The program is managed by the Public Utilities Department and supported by several other City departments, such as Libraries, Information Technology, and Human Services.

The total approved funding is \$4 million, of which \$2.4 million was appropriated from the Public Utilities Department and \$1.6 million from the General Fund. The funds are for relief payments only and is exclusive of any operating costs. As with other relief programs, the amounts were derived from best estimates using whatever relevant information available at that time but are considerably limited by uncertainties associated with this unprecedented national emergency.

While 100% of the \$4 million comes from City funds, the City has allocated an additional \$1 million of the \$39.3 million Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 it received from the Commonwealth to further fund the program. However, management has deemed that additional funding is not needed, based on the lower-than-expected relief disbursements trend.

The City first announced the Program to the public on June 30, 2020 via press release; subsequent announcements of the program were made since then. Applicants can apply online at <https://vb311.force.com/cspandemicrelief>. Customers without internet access can request a mail-in application by calling 385-4160 and submit it along with copies of the required documents.

Program requirements and relief amounts are as follows:

<b>Eligibility Requirements</b>	
	Applicant must be a Virginia Beach resident with an active City Services account
	Applicant must be listed as an account holder on the requested City Services account
	Account must have been active from March 2020 or later
	Account must have an unpaid balance due from March 2020 or later (prior balances are ineligible)
	Applicant has been unemployed, furloughed, or laid off in March 2020 or later

<b>Application Requirements</b>	
	Proof of unemployment, furlough, or lay off in March 2020 or later (one of the following): <ul style="list-style-type: none"> <li>• Valid award letter for unemployment benefits from Virginia Employment Commission</li> <li>• Valid award letter for self-employed individual through the CARES Act</li> <li>• Verification of job loss from employer on letterhead confirming termination, furlough, or lay-off</li> </ul>
	Copy of most recent City Services Bill
	Service address must match the address on the application and on the proof of unemployment
	Application must be complete, and all required documents must be valid and legible
	Applicant must confirm that information provided is true and correct

<b>Pandemic Relief Amounts</b>	
<b>Customers with all 4 services</b>	Up to \$100 per bill, up to 4 billing periods
<b>Customers with sewer, trash, and storm water</b>	Up to \$80 per bill, up to 4 billing periods
<b>Customers with water, sewer, and storm water</b>	Up to \$75 per bill, up to 4 billing periods
<b>Customers with water, trash, and storm water</b>	Up to \$70 per bill, up to 4 billing periods
<b>Customers with trash and storm water only</b>	Up to \$40 per bill, up to 4 billing periods
<b>Customers with storm water only</b>	Up to \$15 per bill, up to 4 billing periods

To file a relief application, a customer creates an account online and enters their account and address information for the system to validate that the account is eligible. If eligible, the applicant then completes the application form and uploads the required documentation. An eligibility staff member reviews the application and enters a status update in the system, which sends an appropriate template e-mail to the customer based on the status change and options selected by the reviewer. When the application is determined to be eligible, the status is updated for the customer for approval and the application is routed to a queue to review for account eligibility. If all requirements are met, the application is approved for payment, at which point a payment is requested by batch processing from Human Services and then applied to the customer’s account for the qualifying charges based on services provided. A maximum of four months of bill relief is available to each qualifying account or applicant.

In working with its IT vendor, the City developed a basic application portal in the new Salesforce customer relationship management (CRM) system for the program. A key

feature of the CRM is a daily file transfer from the billing system to enable real-time verification of the account eligibility, and customer’s name and account number associated with the service address for which relief assistance is requested; thereby, preventing fraudulent applications and duplicate relief payments.

The procedures and associated findings are as follows:

In evaluating the process for reviewing eligibility and approving relief applications, we performed the following steps:

- Inquired about the processing and approving of applications to gain understanding and identify internal controls.
- Gained read-only access to the CRM to closely review applications, management reports, and other functionalities.
- Judgmentally selected a sample of applications for testing.
- Assessed the design of the process to ensure that internal controls are properly implemented.

Based on our review, we determined that the process for reviewing and approving applications is according to policy. However, we identified the following finding:

(1) Funding May Be Excessive

The \$4 million funding appropriation for the City Services Bill Pandemic Relief Program may be excessive, based on the amount of relief disbursed in the first four months of the program. From July 2020 through October 2020, the total amount disbursed was just over \$83 thousand, which constitutes only 2.1% of the funding total.

<b>Table 1. Relief Applications Breakdown October 31, 2020</b>				
<b>Month</b>	<b>Applications</b>			<b>Amount Disbursed</b>
	<b>Under Review<sup>1</sup></b>	<b>Ineligible<sup>2</sup></b>	<b>Approved for Relief</b>	
<b>July</b>	0	117	91	\$ 21,820
<b>August</b>	2	151	61	\$ 11,434
<b>September</b>	4	130	139	\$ 21,130
<b>October</b>	65	59	147	\$ 26,541
<b>Total</b>	71	457	438	<b>\$ 83,924</b>
<b>% to total Applications</b>	7%	47%	45%	

Source: Utility Relief Applications Report

<sup>1</sup> Includes those awaiting responses from applicants

<sup>2</sup> Includes ineligible accounts, invalid applications, and expired applications

Table 1 above shows relief disbursements by month. Even if October's disbursements (*the highest*) were used for trending, it would take 13 years to exhaust the \$4 million funding, as shown in Table 2 below. However, the one caveat in our analysis is that it is limited to the first four months of data and may not consider the following potential scenarios that could increase disbursements:

- Surges of unemployment due to worsening pandemic effects.
- Information about the program has not fully reached the public, despite numerous announcements already made.

<b>Table 2. Amount of Time to Exhaust Funding</b>	
Total funding	\$ 4,000,000
Disbursed in October	\$ 26,541
Months until funding is exhausted	151
Years until funding is exhausted	13

Management should:

Consider the program's funding situation in evaluating its status and future plans, which may impact the City's financial goals.

Our finding and recommendation have been discussed and agreed-upon with the Public Utilities management.

We would like to thank the management and staff of Public Utilities and Information Technology for their courteous assistance during the course of our engagement.

Should you have any questions, please do not hesitate to contact me at 385-5872 or via e-mail at [lremias@vbgov.com](mailto:lremias@vbgov.com).

Sincerely,



Lyndon S. Remias, CPA, CIA  
City Auditor

LSR/ag

- c: David A. Bradley, Deputy City Manager  
Robert S. Montague, Jr., Director, Public Utilities  
Meredith M. Kellam, Business Manager, Public Utilities  
Jeffrey Rodarmel, Co-Director, Finance  
Wendy Hu, Co-Director, Finance  
Kevin M. Chatellier, Director, Budget and Management Services