

September 15, 2020

The Honorable Rick W. West and
Members of the City Council
City of Chesapeake
City Hall – 6th Floor
Chesapeake, Virginia 23322

Dear Mayor West and Members of the City Council,

We have completed our review of the City of Chesapeake's (City) Central Fleet Management's (CFM) for the period of July 1, 2019 to May 1, 2020. Our review was conducted for the purpose of evaluating whether Central Fleet Management was providing services in an economical, efficient, and effective manner, whether its goals and objectives were being achieved, and whether it was following City and departmental procedures in its handling of surplus property, fixed assets, fuel issues, contracts, staffing, and fuel site safety and security issues.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Department provided essential services for the City that improved the operational effectiveness and efficiency of the City's various departments. The CFM was an internal service fund of the City that maintained the City's vehicles and small equipment. Its' mission was to provide a safe, reliable, and economical fleet for the City's operations. CFM accomplished this by maintaining fleet availability by performing needed preventative maintenance inspections, required repairs, and tracking of the fleet from acquisition to disposal.

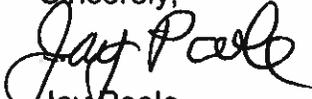
For Fiscal Year (FY) 2019-2020, Central Fleet Management had a total budget of \$19,164,687, divided between an operating budget of \$12,536,362 and a capital outlay budget of \$6,628,325. The budget is spread across five service areas, Fuel Sales, \$4,580,116, Fleet Acquisition and Disposal \$6,840,883, Fleet Repair and Service \$7,261,627, Parts management \$374,220, and Fleet Environmental and Regulatory Management, \$107,841. Central Fleet Management started FY2020 with an authorized compliment of 42.25 full-time personnel. Central Fleet Management maintained a repair facility and occupied offices on Executive Blvd at the City's Butts Station Operating Center. They were also responsible for seven fuel site locations throughout the City, two compressed natural gas stations, and one propane station.

To conduct this audit, we reviewed and evaluated City and Department policies and procedures, operations, documents, and reports, both internal and external. This review included testing and evaluation of the CFM's AssetWorks system, fuel fob tracking program, and CFM safety programs. We examined the disposition of surplus property. The fuel agreements and billing arrangements with related City agencies and departments were reviewed. We made observations at CFM's fuel site locations, repair facilities, and general office facilities. Audit Services obtained an understanding of Central Fleet Management's expenditures and competitive bidding practices. We performed a comparative review of the assets entered into AssetWorks and the assets maintained by the City's finance department. Part of this review examined the use of asset tags. Audit services also reviewed the CFM administrative staffing levels and workload.

Based on our review, we determined Central Fleet Management had accomplished its overall mission of providing essential services that improved the operational effectiveness and efficiency of the City's various departments. However, we did identify several areas of concern that needed to be addressed. Those areas included the handling of surplus property, fuel fobs, and fixed assets. Also, there were issues with fuel billings, staffing, contracts, and safety concerns.

This report, in draft, was provided to Central Fleet Management officials for review and response. Their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the Audit Report, and Appendix A. The Department Director, Fleet Business Specialist, Fleet Service Coordinator, Fleet Safety Specialist, and staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

Sincerely,



Jay Poole
City Auditor
City of Chesapeake, Virginia

C: Christopher M. Price, City Manager
Robert N. Geis, Deputy City Manager
George Hrichak, Fleet Manager