

August 31, 2020

The Honorable Richard 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 Small Purchase Policy (>\$5,000 and <\$100,000) for the period January 1, 2019 to June 30, 2019. Our review was conducted for the purpose of determining whether the City was complying with Small Purchase Policy, management oversight, and contract management.

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 conclusion 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 Small Purchase Policy was the policy for procurement for unsealed proposals for goods and services valued at \$5,000 or more but less than \$100,000. For the period January 1, 2019 through June 30, 2019, the City spent \$142,782,682 in payment to vendors. Purchase orders (PO) totaled \$94,858,792 and non-PO purchases totaled \$47,923,889. PO payments subject to the Small Purchase Policy totaled \$10,302,561 paid to 481 vendors, and \$5,965,876 non-Po voucher payments to 299 vendors.

To conduct this audit, we reviewed and evaluated City and Department policies and procedures and operations documents and reports, both internal and external. We also reviewed applicable State laws, regulations and City Ordinances. We discussed these audit areas and conducted interviews with the Procurement Administrator, other staff, and various employees. We also analyzed PeopleSoft vendor expense payments.

Based on our review, we determined that the City was generally compliant with the Small Purchases Policy. However, we identified concerns with the implementation and oversight.

This report, in draft, was provided to City 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 Procurement Administrator 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
Laura A. Fitzpatrick, Deputy City Manager
Anthony E. Cannon, Procurement Administrator