

June 30, 2015
The Honorable Alan P. Krasnoff and
Members of the City Council
City of Chesapeake
City Hall – 6th Floor
Chesapeake, Virginia 23328

Dear Mayor Krasnoff and Members of the City Council:

We have completed our review of the City of Chesapeake (City's) Capital Project Management Practices for Fiscal Year (FY) 2009 through FY 2015. Our review was conducted for the purpose of determining whether the City's capital project management practices were economical, efficient, and effective, whether goals and objectives were being achieved, and whether they complied with applicable City and Department procedures.

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.

Each fiscal year, the City Manager prepares a five-year capital improvement budget and presents it to City Council for appropriation approval. Not all capital projects were able to be completed within a fiscal year; therefore some projects were started or approved in previous fiscal years. Also, some projects not scheduled to commence during the current fiscal year were placed on the five-year capital improvement budget (CIB) to designate future funding. There were 285 capital projects listed on the City's CIB for FY15.

To conduct this audit, we reviewed differing aspects of the lifespan of sampled capital improvement projects conducted by Public Works, Public Utilities, and Information Technology. We interviewed stakeholders, decision makers, program managers, department heads, accounting personnel, and project managers. We reviewed data available from PeopleSoft, City Ordinances, completed and active project records, current and previous approved budgets, contracts, invoices, and observed project managers. Additionally, we reviewed completed capital project files and financial data.

In addition to these items, we reviewed operating policies, procedures, and practices from the departments reviewed. This review included testing and evaluation of the departmental operations and practices. We conducted extensive walkthroughs and interviews with the various department's staff to better understand control practices.

Based on our review, we determined the City had accomplished its overall mission of oversight and maintenance for capital projects. However, we did identify several areas of concern that needed to be addressed. Those areas included standardization of project reports, planning for common historical costs contingencies and others.

This report, in draft, was provided to City officials for review and response, and 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. City management, department heads, supervisors, and their staffs 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: James E. Baker, City Manager
Wanda Barnard-Bailey Ph.D, Deputy City Manager