

February 28, 2017

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 Purchasing Office (Purchasing) for January 1, 2016 – October 31, 2016. Our review was conducted for the purpose of evaluating any transition issues as the City underwent a change in procurement administration. We also attempted to address any procurement transition issues raised by the interim Procurement Administrator. This audit was requested by the Acting Procurement Administrator.

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.

Purchasing provided essential services for the City of Chesapeake (City). Purchasing acquired the supplies, services, and commodities required by departments and agencies in accordance with State and City procurement laws, policies, and procedures. The office was also responsible for procurement activities required for construction and other capital projects. Purchasing conducted acquisition activities by providing procurement services and support, and distributed mail to City departments and agencies.

For Fiscal Year (FY) 2016-2017, Purchasing had an operating budget of \$943,494 and an authorized compliment of approximately 11.63 personnel, 10 located on the fifth floor of City Hall and 1.63 were located in Mail Room on the first floor of City Hall.

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 conducted interviews with various department heads, Purchasing staff, and various Finance staff and observed various processes and records.

Based on our review, we determined that Purchasing's transition efforts were generally well received by City departments. However, we did identify some issues related to centralized contract administration consistency, contract file control, vendor verification, P-Card requirements, and sealed bid control.

This report, in draft, was provided to Purchasing 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. Purchasing was 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

Robert N. Geis, Deputy City Manager

Richard C. Hartwick, Acting Procurement Administrator