

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 Chesapeake City Clerk's Office (Clerk's Office) Revenues for July 1, 2015 – June 30, 2016. Our review was conducted for the purpose of evaluating controls over the revenue collection process within the Clerk's Office and whether it was complying with applicable City and Clerk's Office procedures related to cash handling, cash settlement, segregation of duties, safeguarding of assets and passport issuance.

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 Clerk's Office provided essential services for the City of Chesapeake (City). Its primary purpose was to document, preserve, and maintain historical records of the legislative actions taken by the Mayor and City Council. Additionally, the Clerk's Office provided staff support for the City Council and served as a United States Passport agency.

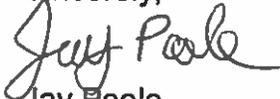
For Fiscal Year 2016-2017 (FY 16-17), the Clerk's Office had an operating budget of slightly under \$600,000.00 and accounted for 0.06% of the City's budget. The Office had an authorized compliment of 7.0 personnel. The personnel compliment accounted for slightly under 81.0% of budgetary requirements. The Clerk's Office received 86.43% (\$508,703.00) of its budget from the General Fund. The remaining 13.57% (\$79,900.00) came from charges for services such as passport issuance. The Clerk's Office was located on the sixth floor of the City Hall building

To conduct this audit, we reviewed various aspects of Clerk's Office functions. We reviewed passport issuance records and cash settlement records for the period of April thru June 2016. Procedures for receiving and recording of passport operations assets were reviewed. Compliance with City policies and applicable Federal regulations were verified.

Based on our review, we determined the Clerk's Office had accomplished its overall mission of providing a historical record of the governing body, including ordinances, resolutions, minutes of the council meetings, work sessions and special meetings, coordinating the responses to the concerns and needs of the citizens, and other City departments, providing staff support to the City Council, and serving as a passport agency. However, we did identify several revenue-related areas of concern that needed to be addressed. Those areas included the processing of passports, cash handling and reconciliations, internal control weaknesses, and physical security.

This report, in draft, was provided to the Clerk's Office 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 City Clerk's 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: Sandy M. Madison, City Clerk