

June 30, 2016

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 Citywide Grants for the period July 1, 2014 to June 30, 2016. Our review was conducted for the purpose of determining whether City departments were recording and processing grants in compliance with applicable federal requirements, and procedures, related to grants, specifically those in the federal Office of Management and Budget Super Circular (Super Circular).

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 finding and conclusion based on our audit objectives.

The City's Finance Department provided overall guidance, and monitoring, of grant compliance. They provided periodic updates to the departments as to changes in the compliance requirements and other issues that effected grant management. Individual departments such as Fire, Police, and Chesapeake Integrated Behavioral Health that had a large number of grants had staff members that monitored compliance with the Super Circular and other grant requirements.

Each year during the operating budget approval process, the City provided awards to nonprofit organizations that provided a variety of services to Chesapeake citizens. These grants were provided through various departments and agencies such as Human Services, Chesapeake Integrated Healthcare, and the Chesapeake Fine Arts Commission.

To conduct this audit, we reviewed the Super Circular, reviewed and evaluated City and departmental policies and procedures relating to grant management. We also reviewed departmental staffing and level of training. External websites were reviewed to gauge grant compliance. Finally, we held discussions with various department heads and their staff in relation to grant compliance with the Super Circular.

Based on our review, we determined the City had provided adequate oversight and compliance with grant policies, procedures, and the Super Circular. However, we did identify one area of concern that needed to be addressed. The City did not verify that recipients of its Non-Departmental awards were current in their SAM.gov federal registration status. While any adverse financial effects from the lack of this pre-award review would likely be minimal, the possibility exists that the City could be associated with a problematic award recipient or potential loss of the funds unless a review is undertaken.

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. City management, Department management, supervisors, and 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
Dr. Wanda Barnard-Bailey, Deputy City Manager