

Memorandum



CITY OF DALLAS

DATE March 25, 2024

Honorable members of the Governance Performance & Financial Management
TO Committee: Chad West (Chair), Paula Blackmon (Vice-Chair), Cara Mendelsohn,
Jesse Moreno, and Jaime Resendez

SUBJECT **Audit of Small Business Center – Minority and Women-Owned Business
Enterprises**

The purpose of this memorandum is to provide an update on the management response of the audit performed by the Office of the City Auditor.

Based upon the City Council Resolution 88-3428 and Administrative Directive 4-09, Internal Control prescribe policy for the City to establish and maintain an internal control system, SBC underwent an audit of the 2020 Business Inclusion and Development Policy. The scope of the audit was from October 1, 2020, through September 30, 2022. The objectives of this audit were:

- Policies and procedures exist to ensure consistent administration.
- Payments to first tier subcontractors post council award are monitored.
- Performance measures for local Minority and Women-Owned Business Enterprise spending are accurately reflected.
- Utilization goals and good faith efforts are accurately reported to the City Council.

Background

The 2020 Business Inclusion and Development Policy applies to all contracts over \$50,000, with a special emphasis for first tier subcontracting opportunities. Among several responsibilities and provisions identified in the policy, the following were pertinent to the audit objective:

- Tracking and monitoring payments to first tier subcontractors post council award.
- Maintaining and submitting accurate and current reports on performance measures.
- Documenting good faith efforts.

Audit Recommendations

The department received the following six recommendations:

- Adopt, modify and/or develop procedures to reflect daily activities to achieve Minority and Women-Owned Business Enterprise (M/WBE) participation goals. At a minimum, the current procedures should reflect the updated utilization goals and procurement categories.
- Verify and validate vendor self-registration to City's definition of local business.
- Develop a process to monitor compliance of post council award activities for first tier subcontractor payment.
- Use the B2GNow application to track, document, and monitor the post council award resolution formally.
- Define local business spending consistently for the program.
- Identify appropriate source data to use for performance measure reporting.

SBC Actions Taken

- Implemented a process to verify the accuracy of vendor self-reported business locations through the use of predetermined eligible zip codes as identified by the United States Postal Service.
- Drafted proposed revisions to the 2020 Business Inclusion Development Policy to reflect current audit recommendations inclusive of guidelines and responsibilities of internal city departments and external prime and subcontractors' compliance. Due to the possible impact SBC will continue conducting external and internal focus groups for input on the proposed revision with a completion date of April 12, 2024.
- Currently initiating a 2024 Availability and Disparity Study to update participation goals to related to the disparities within the Dallas market.
- SBC is currently working with internal departments to complete audit recommendations related to utilization reports.
- SBC will provide an update on April 22, 2024, at the Government Performance and Financial Management (GPFM) Committee meeting.

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If you have any questions, please contact me or Joyce Williams, Director of Small Business Center, joyce.williams@dallas.gov.

Putting Service First,



Kimberly Bizar Tolbert
Deputy City Manager

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Tammie Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
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Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager