



Audit of Census 2020 Interlocal Agreement with Dallas County

June 16, 2021

Mark S. Swann, City Auditor

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Executive Summary

Objective and Scope

The objectives of this audit were to determine if:

- The outside consultant was selected on a competitive basis.
- The outside consultant's performance and costs complied with the contract terms.

The scope of this audit included management operations for the period of the City/County Interlocal Agreement for Census Complete Count Campaign, specifically from October 15, 2019, through September 30, 2020.

What We Recommend

We recommend City management:

- Incorporate performance metrics into interlocal agreements.
- Document the agreed-upon reallocation of costs for changes in activities identified in the interlocal agreement.

Background

The City entered into an interlocal agreement with Dallas County on October 15, 2019, to obtain a complete count of individuals in the City and Dallas County for the 2020 Census. The City committed up to \$1 million to hire an outside consultant to lead a countywide participation initiative.

While the City actively participated in selecting the outside consultant and monitoring its work, Dallas County was responsible for selecting, contracting, and monitoring the outside consultant. Alpha Business Images was chosen as the successful outside consultant out of the four proposals received.

The City's self-response rate of 59.7 percent was below the 61.9 percent 2010 Census self-response rate. The City's self-response rate declined more than Dallas County and the state, but less than the country.

The 2020 Census was the first time online and phone responses were used, and the COVID-19 pandemic presented a challenge to obtaining an accurate count.

What We Found

The outside consultant selection was competitive and complied with the interlocal agreement.

The outside consultant's costs complied with the contract, except for the lack of documentation of the reallocation of the costs from in-person, door-to-door outreach to other activities.

The interlocal agreement did not have performance metrics. However, the City was actively involved in monitoring and directing the outside consultant's activities.

Objectives and Conclusions

1. Was the outside consultant selected on a competitive basis?

Yes. The outside consultant was selected on a competitive basis and the selection met the requirements of the interlocal agreement.

2. Did the outside consultant's performance and costs comply with the contract terms?

Generally Yes. Other than in-person, door-to-door outreach, the outside consultant's performance and costs complied with the contract terms. However, neither the interlocal agreement nor the outside consultant's contract had performance metrics that the City could use to ensure Dallas County and the outside consultant met the City's performance expectations. See [Observation A](#) and [Observation B](#) for specific areas identified for improvement.

Audit Results

As required by *City Council Resolution 88-3428*, departments will establish internal controls in accordance with the standards established by the Comptroller General of the United States pursuant to the *Federal Managers' Financial Integrity Act of 1982*. Administrative Directive 4-09, *Internal Control* prescribes the policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Performance Metrics

The City/County Interlocal Agreement for Census Complete Count Campaign did not have performance metrics that the City could use to ensure Dallas County and the outside consultant met the City's performance expectations. As a result, there is an increased risk that the interlocal agreement will not achieve its purpose.

There were no established performance metrics in Dallas County's contract with the outside consultant to ensure the outside consultant was achieving the contract purpose, such as to meet or exceed the self-response rate from the previous outreach campaign and achieve a certain number of doors knocked. However, the contract identified performance deliverables, such as weekly activity reports, and the City was actively involved in monitoring and directing the outside consultant's activities. In addition, the interlocal agreement had no performance metrics to hold Dallas County accountable for achieving the interlocal agreement's purpose.

Criteria

- ❖ Administrative Directive 4-05, Contracting Standards and Procedures (Interim), *Section 5.3.10* and *Section 15.4.1*

- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **City Manager:**

A.1: Develop procedures to ensure interlocal agreements include performance metrics.

Observation B: Reallocation of Contract Costs

Reallocation of the outside consultant's costs to other activities was not documented. As a result, there is an increased risk the outside consultant will be paid for services that do not meet the City's expectations.

When Dallas County's COVID-19 pandemic restrictions were enacted, the outside consultant's plan for in-person, door-to-door outreach to obtain census responses had to be indefinitely delayed. Not knowing when those activities could be resumed, the outside consultant directed its efforts to obtain census responses to various media outreach and phone bank activities. While the City was actively involved in the development of alternative activities, neither Dallas County, who contracted with the outside consultant, nor the City, documented the amount of costs that would be reallocated from in-person, door-to-door outreach to the alternative activities.

Approximately \$245,000, or 60 percent of the costs intended to be spent on in-person, door-to-door outreach, were spent on the alternative activities. Due to the time constraints established by the U.S. Census Bureau for completing the count, Dallas County did not go through the contract amendment process to reallocate the funds and invoice the City accordingly. The City was responsible for approximately \$105,000 of these costs.

While the City's responsibility for the outside consultant's costs was limited to \$1 million, documenting the reallocation of in-person, door-to-door outreach costs would have provided increased accountability and assurance that the alternative activities were the best use of the funds.

Criteria

- ❖ Administrative Directive 4-05, Contracting Standards and Procedures (Interim), *Section 5.3.10* and *Section 15.4.1*
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **Director of the Office of Government Affairs:**

- B.1:** Develop procedures for documenting changes to activities performed in interlocal agreements.

Appendix A: Background and Methodology

Background

The City and Dallas County entered into an interlocal agreement in the fall of 2019. According to the interlocal agreement, accurate Census counts are critical, especially at the local and state levels:

The United States Constitution mandates a census count must be held every ten years. Census data is used to draw legislative districts which translates to Congressional seats and increased local representation in federal and state matters... In addition, the census is used to allocate federal funding... For Fiscal Year 2019-2020, the City received nearly \$35 million in federal grants that were awarded in part based on census data.

The purpose of the interlocal agreement was “to establish a cooperative agreement whereby the City and County work together to most efficiently obtain a complete count of individuals in the City and County” and “more efficiently utilize taxpayer funds by collaborating on contracting with outside consultants as necessary, taking advantages of economies of scale.” The interlocal agreement stated the City would pay half of the cost up to \$1 million, offset by contributions of other cities.

Dallas County, the City of Dallas, and other Dallas County Cities agreed to hire an outside consultant to provide an outreach and awareness campaign. Dallas County led the vendor selection and contracting processes. Due to the size of the City of Dallas and its financial contribution, the interlocal agreement allotted three positions on the outside consultant selection committee to the City of Dallas. The City of Dallas had the right to review the draft contract with the outside consultant prior to Dallas County’s final approval.

Four proposals were submitted. Alpha Business Images was selected as the successful bidder with a contract for \$1,932,676. Due to the impact of the COVID-19 pandemic, the final response date for the Census was extended on several occasions. Dallas County extended the contract and absorbed the additional costs on behalf of the participating cities.

The City’s self-response rate of 59.7 percent was below the 61.9 percent 2010 Census self-response rate. The City’s self-response rate declined more than Dallas County and the state, but less than the country, as shown by [Exhibit 1](#).

Exhibit 1:

Census Response Rates for 2020 and 2010

Jurisdiction	2020 Census	2010 Census	Difference
City of Dallas	59.7%	61.9%	-2.2%
Dallas County	63.9%	64.6%	-0.7%
Texas	62.8%	64.4%	-1.6%
United States	67.0%	74.0%	-7.0%

Source: Information from the U.S. Census Bureau websites Census.gov and 2020Census.gov, accessed on March 31, 2021.

According to management, the Census Bureau’s move to an online response platform and the COVID-19 pandemic impacted self-response rates, particularly in communities with low internet access.

The Government Accountability Office designated the 2020 Census as a high-risk area in 2017. It noted delays to key operations could adversely impact downstream operations, undermine the quality of the count, and escalate costs. Government Accountability Office reports in 2020 determined the COVID-19 pandemic forced the U.S. Census Bureau to adjust its plans and timelines and presented a challenge to obtaining an accurate count.

Methodology

To accomplish our audit objectives, we performed the following steps:

- Interviewed personnel from the City and Dallas County.
- Reviewed policies and procedures, federal and state compliance requirements, applicable Administrative Directives, and best practices guidance.
- Performed various analyses and reviewed documents as needed to support conclusions.
- Considered risk of fraud, waste, and abuse.
- Considered all five internal control components of the *Federal Internal Control Standards*.

This performance audit was conducted 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 conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Dapo Juba, MBA, CISA – Auditor

Dan Genz, CIA, CFE – In-Charge Auditor

Rory Galter, CPA – Audit Manager

Appendix B: Management's Response

Memorandum



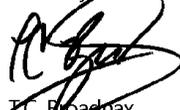
DATE: June 11, 2021
TO: Mark S. Swann – City Auditor
SUBJECT: Response to Audit of Census 2020 Interlocal Agreement with Dallas County

This letter acknowledges the City Manager's Office received the *Audit of Census 2020 Interlocal Agreement with Dallas County* and submitted responses to the recommendations in consultation with the Office of Governmental Affairs.

City management recognizes the importance of effectively monitoring the City's interlocal agreements to ensure our residents and community receive value and quality service. We concur with the auditor's observations that the consultant was selected on a competitive basis and the consultant's performance and costs substantially agreed to the contract terms. Further, we continue to strengthen the monitoring of interlocal agreements and will incorporate the auditor's recommendations.

Specifically, City staff is currently updating Administrative Directive (AD) 4-05, *Contracting Standards and Procedures*. The Office of Governmental Affairs, in conjunction with the Office of Procurement Services and the City Attorney's Office, will include language in the revised AD requiring interlocal agreements to include, where feasible, performance metrics and procedures for documenting any changes to planned activities, including the reallocation of costs to other activities. Additionally, the recently developed Dallas Contracting Officer Representation Program (D-COR) will further enforce this guidance through training to ensure compliance with AD 4-05, section 15.4.1 requiring City departments to prioritize sufficient contract monitoring and section 13.4.2 requiring documentation of contract changes.

Sincerely,



T.C. Broadnax
City Manager

C: Kimberly Bizzor Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Brett Wilkinson, Director, Office of Governmental Affairs

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Empathy | Ethics | Excellence | Equity

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
Moderate	We recommend the City Manager:			
	A.1: Develop procedures to ensure interlocal agreements include performance metrics.	Agree: City staff is currently updating Administrative Directive 4-05: Contracting Standards and Procedures. The Office of Government Affairs (OGA), in conjunction with the Office of Procurement Services (OPS) will include language in the revisions requiring interlocal agreements to include, where feasible, performance metrics to be managed by the originating department. Additionally, the recently developed Dallas Contracting Officer Representative Program (D-COR) will further enforce this guidance through training to ensure compliance with AD 4-05, section 15.4.1 requiring City departments to prioritize sufficient contract monitoring.	03/31/2022	09/30/2022
Moderate	We recommend the Director of the Office of Government Affairs:			
	B.1: Develop procedures for documenting changes to activities performed in interlocal agreements.	Agree: City staff is currently updating Administrative Directive 4-05: Contracting Standards and Procedures. OGA, in conjunction with OPS, will include language in the revisions requiring interlocal agreements to include procedures for documenting any changes to planned activities, including the reallocation of costs to other activities. Additionally, D-COR will further enforce this guidance through training to ensure compliance with AD 4-05, section 13.4.2 requiring formal documentation of contract changes and requiring City departments monitor the contract changes as part of contract management.	03/31/2022	09/30/2022