



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

February 21, 2024

Mark S. Swann, City Auditor

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## Executive Summary

### Objective and Scope

The objectives of this audit were to determine whether:

- 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.

The scope of the audit was from October 1, 2020, through September 30, 2022.

### Recommendations

The program's effectiveness can be enhanced by:

- Developing a process to monitor subcontractors' payments post council award.
- Identifying the appropriate source data to use for performance measure reporting.
- Updating procedures to mirror *Business Inclusion and Development Policy* requirements.

### Background

The *Business Inclusion and Development Policy* of 2020 applies to all contracts for the purchases of goods or services over \$50,000, with a special emphasis for first tier subcontracting opportunities. Among several responsibilities and provisions identified in the *Business Inclusion and Development 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.

The Small Business Center budget was approximately \$2.4 million for Fiscal Year 2021-2022 and a performance measure of 65% for *Certified Minority and Women-Owned Business Enterprise Spend with Vendors Located in Dallas* was established.

### Observed Conditions

The utilization goals and good faith efforts for first tier subcontracting opportunities reported to City Council during procurements are generally accurate. However,

- Monitoring of subcontractor payments after council award is informal and inconsistent.
- Progress reported on performance measures is inaccurate.
- Administrative procedures do not align with the *Business Inclusion and Development Policy*.

## Objectives and Conclusions

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1. Do policies and procedures exist to ensure consistent administration of Minority and Women-Owned Business Enterprise goals?

**Generally, yes.** The Small Business Center is relying on an outdated administrative guide for daily operational activities. At the same time, the Small Business Center is ensuring compliance with utilization goals and good faith efforts of the *Business Inclusion and Development Policy* for Minority and Women-Owned Business Enterprises. See [Observation C](#).

2. Are payments to Minority and Women-Owned Business Enterprise first tier subcontractors monitored?

**No.** Payments to first tier subcontractors are tracked in the B2GNow application; however, payments to first tier subcontractors are monitored informally and inconsistently. See [Observation A](#).

3. Are performance measures for local spending on Minority and Women-Owned Business Enterprises accurate?

**No.** The performance measures are reported using an encumbrance file which may not reflect actual spending and calculated using a definition of local spending that is not defined in the procedures. See [Observation B](#).

4. Are Minority and Women-Owned Business Enterprise utilization goals and good faith efforts documented during the procurement process in compliance with the *Business Inclusion and Development Policy*?

**Yes.** The utilization goals reported to the City Council when obtaining approvals for procurements are generally accurate.

## Audit Results

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Both *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. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

### Observation A: Post Council Award Monitoring

The Small Business Center process to track first tier subcontractor utilization through the B2GNow application or monitor prompt payment by prime contractors to first tier subcontractors post council award is informal and inconsistent. As a result, the success of the *Business Inclusion and Development Policy* for post council award cannot be determined.

Two objectives identified in the *Business Inclusion and Development Policy* require the Small Business Center to:

- Track and monitor Minority and Women-Owned Business Enterprise participation including first tier subcontractor utilization with emphasis on first tier subcontracting utilization post council award.
- Track and monitor payments to: (1) prime contractors from the City; and (2) payments from prime contractors to first tier subcontractors with emphasis on prompt payment as outlined in Government Code, Section 2251.022.

#### Subcontractor Monitoring

The Small Business Center does not monitor or evaluate compliance of first tier subcontractor payments. The current process for post council award first tier subcontractor monitoring relies upon:

- The prime contractors' diligence to self-report their payments made to first tier subcontractors through the B2GNow application. When the prime contractors self-report their payments, B2GNow will send alerts to first tier subcontractors for verification. The verification process is dependent on the diligence of the subcontractors.
- Each department's process of monitoring and reporting on the prime contractor's compliance with actual value paid to first tier subcontractors.
- The nature of the contract. Depending on the project type, longevity, and contract phase, first tier subcontractors may not be used consistently throughout the contract.

These activities are not reviewed comprehensively to determine whether the initial goal cited by the prime contractor for first tier subcontractor payments was met. The Small Business Center will review first tier subcontractor payment compliance for Construction, and Architecture & Engineering procurements but only upon request by the subcontractor.

A department will send the Small Business Center FRM 213 that denotes the initial pledged value and actual value of work paid to first tier subcontractors. This information is considered along with FRM 513 and FRM 517 at an arbitrary level and does not involve actual verification of

payments to first tier subcontractors. If noncompliance of prime contractors is noted, the Small Business Center works to resolve the noncompliance informally with the first-tier subcontractors and noncompliance of the prime contractor is not documented.

### Data Collection

Post council award monitoring of payments from prime contractors to first tier subcontractors requires data inputs from various sources. To complete tracking and monitoring of first tier subcontractor payments, the Small Business Center would need a centralized location of contracts, and payment schedules for each contract. Since these contract monitoring activities are divided between the Office of Procurement Services and departments that are retaining vendor services, data collection for subcontract payment and compliance cannot be evaluated by the Small Business Center.

### Prompt Payment

Confirmation of prompt payment from prime contractors to first tier subcontractors in accordance with the *Business Inclusion and Development Policy* cannot be executed due to legal limitations. According to the City Attorney's Office the City cannot hold prime contractors accountable for payment to first tier subcontractors. Prime contractors are third parties to the City and first tier subcontractors are third parties to prime contractors.

As these activities for post council award monitoring cannot be executed formally and consistently, the City Council's ability to evaluate the success of the *Business Inclusion and Development Policy* for post council award cannot be determined.

### Criteria

- ❖ *Business Inclusion and Development Policy*
- ❖ Administrative Directive 4-05, *Contracting Standards and Procedures*
- ❖ Standards for Internal Control in the Federal Government:
  - *Principle 10 – Design Control Activities*
  - *Principle 14 – Communicate Internally*

Assessed Risk Rating:

**High**

We recommend the **Director of the Small Business Center:**

**A.1:** Develop a process to monitor compliance of post council award activities for first tier subcontractor payments as described in the *Business Inclusion and Development Policy*.

**A.2:** Use the B2GNow application to track, document, and monitor the post council award resolution formally.

## Observation B: Performance Measures

The monthly local spending<sup>1</sup> and Minority and Women-Owned Business Enterprise local spending<sup>2</sup> reported by the Small Business Center as part of performance measures for Dallas 365 and the Annual Budget Book were inaccurate. Performance measures are reported using encumbrance reports instead of actual spend reports. If performance measures are not accurate, a complete picture is not available for decision-making on the effectiveness of the program.

### Calculation

The Small Business Center uses an encumbrance file to report on performance measures including *Certified Minority and Women-Owned Business Enterprise Spend with Vendors Located in Dallas*. A review of the purpose of the file, the contents, and application of the file to report performance measures identified that the encumbrance file may not be the correct file to use for performance measure reporting.

The encumbrance file lists the payments made by the City to the prime contractors from encumbered amounts for each contract. The listing includes all recurring and new encumbrances and is an ongoing list of payments made by the City to prime contractors. The use of the file to report performance measures results in the following errors:

- The local spending amount might be inflated as the encumbrance file may not reflect actual monthly results.
- The calculation process is incorrect. Currently, the Small Business Center removes the negative amounts (amount spent) and reports on the encumbered or approved procurements, which are original amounts approved for the length of the contract. If the encumbrance is used, then the negative amounts that show spending should be used.
- The encumbrance payments reflect payments from the City to prime contractors who are identified as local and/or Minority Women-Owned Business Enterprise prime contractors. The file does not show payments made by prime contractors to first tier subcontractors.

### Local spending

The *Business Inclusion and Development Administration Guide* defines local Minority and Women-Owned Business Enterprise spending to include first tier subcontractors within the Dallas County limits. A reperformance of the Small Business Center internal procedures on reporting performance measures was completed for a sample of four months. The reperformance identified that certain zip codes not within the Dallas County limits were being

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<sup>1</sup> The City's Local Preference Program values the participation of companies who have their principal place of business in the City of Dallas and who hire City of Dallas residents. Local Preference Supplier must satisfy one of the following requirements: proof of principal place of business located in City of Dallas; proof of local workforce composition including at least 100 full-time employees who are Dallas residents, at least 20% of its total full-time employees who are Dallas residents, or participation in the Workforce Development Program.

<sup>2</sup> Minority Women-Owned Business Enterprise local spending refers to the portion of local spending that is directly attributed to the first tier subcontractors that are certified as Minority Women-Owned Business Enterprise entities.

used. [Exhibit 1](#) shows the variance in reporting for the four months when Dallas County only zip codes are included.

According to management, the Dallas County local designation is determined by the vendor when they register with the City. This means that if a vendor self-reports as a local vendor and is outside of the Dallas County limits, then no verification of vendor designation is completed.

### Exhibit 1:

#### Local Minority and Women-Owned Business Enterprise Variance

Month	Variance in Dollars		
	SBC	AUD	Variance
October 2020	15,414,029	15,378,554	35,745
July 2021	44,607,611	44,640,106	(32,495)
January 2022	6,677,986	6,668,349	9,637
May 2022	4,219,197	4,363,396	(144,199)

**Source:** ENC files and BIT Entry provided by Small Business Center for the audit period

Since City Council and City management rely on performance measures to assist in budgetary decisions, accuracy in reporting local spending of Minority and Women-Owned Business Enterprise are essential in evaluating the effectiveness of the program.

### Criteria

- ❖ *Business Inclusion and Development Policy*
- ❖ *Business Inclusion and Development Administration Guide*
- ❖ Standards for Internal Control in the Federal Government, *Principle 14 – Communicate Internally*

Assessed Risk Rating:

**Moderate**

We recommend the **Director of Small Business Center:**

- B.1:** Identify the appropriate source data to use for performance measure reporting.
- B.2:** Define local business spending consistently for the program.
- B.3:** Verify and validate vendor self-registration to City's definition of local business.



## Observation C: Program Administration

Minority and Women-Owned Business Enterprise operational procedures are not aligned with the *Business Inclusion and Development Policy*. Inaccurate, missing or poorly developed procedures cause inconsistencies in the administration of the program.

The Small Business Center is currently relying on the *Business Inclusion and Development Administration Guide* which has an effective date of January 11, 2012. The document was developed by the former Business Development and Procurement Services department ten years ago and has not been updated to incorporate *Business Inclusion and Development Policy* objectives approved by the City Council in 2020.

The *Business Inclusion and Development Administration Guide* focuses on various procurement activities that span from the development of forms, solicitation procedures, outreach activities, post council award functions, and sanctions for noncompliance. These various operational activities have since been redistributed between the Office of Procurement Services and one of the three divisions of the Small Business Center.

While there are similarities in certain activities in the two documents, the new policy does not consider vendor noncompliance consequences and professional judgment guidance and monitoring activities to support timely payments to subcontractors. See [Exhibit 2](#) below for policy differences and missing components between the two policy documents.

### Exhibit 2:

#### Procedural Differences

Component	Business Inclusion and Development Administration Guide (2012)	Business Inclusion and Development Policy (2020)
Policy Development	Developed in 2012 by former Business Development and Procurement Services.	Developed in 2020 by the City Council and assigned to the Small Business Center in 2021.
Roles and Responsibilities	Roles and responsibilities are mapped to Business Development and Procurement Services.	Roles and responsibilities are defined by a position. Positions are not aligned within Small Business Center.
Participation Goals	Participation goals were developed in 2012.	Participation goals were updated in 2020.
Objectives	Has three objectives.	Has four objectives.

<b>Component</b>	<b>Business Inclusion and Development Administration Guide (2012)</b>	<b>Business Inclusion and Development Policy (2020)</b>
Contractor Requirements; Contract Changes and Approvals	Describes requirements for prime contractors to follow when stated goals are not met and changes to the contract after approval.	Not addressed.
Requirements for Review of Payments for Contracts that Exceed Certain Amounts.	Monthly review of payments for contracts over one million (\$1million).	Not addressed.
Subcontractor Payment Schedule	Payments to subcontractors within 10 days from being paid by the City.	Not addressed.
Encumbrance and Actual Expenditure Reports Review	Encumbrance and actual expenditure reports are reviewed to monitor compliance	Not addressed.
Documentation of Good Faith Efforts	Good Faith Efforts include documented evidence of communication with 10 percent of Minority and Women-Owned Business Enterprises contractors listed in the City of Dallas Certified Minority and Women-Owned Business Directory.	Not addressed.
Commercial Useful Function	Uses Commercial Useful Function to count toward participation goals.	Not addressed.
Reporting Compliance Activities	Not addressed.	Places emphasis on reporting compliance activities.

**Source:** *Business Inclusion and Development Administrative Guide (2012); Business Inclusion and Development Policy 2020*

### Criteria

- ❖ *Business Inclusion and Development Policy*
- ❖ *Business Inclusion and Development Administration Guide*
- ❖ Standards for Internal Control in the Federal Government, *Principle 12 – Documentation of Responsibilities through Policies, Periodic Review of Control Activities*

Assessed Risk Rating:

**Moderate**

We recommend the **Director of Small Business Center:**

**C.1:** Adopt, modify and/or develop procedures to reflect daily activities to achieve Minority and Women-Owned Business Enterprise participation goals. At a minimum, the current procedures should reflect the updated utilization goals and procurement categories.

## Emerging Risks

The Minority and Women-Owned Business Enterprises utilization goals do not consider all possible procurements completed by the City. Administrative Actions and Cooperative Purchasing Agreements both can contribute to the overall utilization goals. Additionally, the Small Business Center identified that some Minority and Women-Owned Business Enterprises may not be able to compete with procurement packages of \$50,000 or more. But Minority and Women-Owned Business Enterprises can compete with procurements that are under \$50,000 which are often purchased through Administrative Actions. The inclusion of these types of procurements might assist in the overall utilization goals for Minority and Women-Owned Business Enterprise spending.

**Impact:** The inclusion of these additional procurements and their composition can assist in meeting the City's overall goal of increased Minority and Women-Owned Business Enterprise spending.

## Appendix A: Background and Methodology

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### Definitions

**Business Inclusion and Development (BID) Policy** – Policy to encourage participation by Minority and Women-Owned Business Enterprises in the City's programs/projects to the greatest extent feasible.

**First Tier Subcontractors** are only locally certified Minority and Women-Owned Business Enterprise subcontractors, suppliers, or sub-consultants with a direct contractual relationship with the prime contractor

**Minority and Women-Owned Business Enterprise (M/WBE)** firms are those that have met certain requirements and have been certified by one of three certification agencies recognized by the City of Dallas: North Central Texas Regional Certification Agency, Dallas Fort Worth Minority Supplier Diversity Council, and Women Business Council-Southwest. These firms are at least 51% owned and controlled by one or more socially and economically disadvantaged individuals, or in the case of any publicly owned business, of which at least 51% of the stock is owned by one or more socially and economically disadvantaged individuals.

**Prime contractor** is a company or firm that is awarded a city contract by either the City Council or Administrative Action.

### Background

It is the policy of the City of Dallas to involve certified Minority and Women-Owned Business Enterprises to the greatest extent feasible on the City's construction, general services, and professional services contracts. In consideration of this policy, the City of Dallas has adopted the *Business Inclusion and Development Policy* for all City of Dallas contracts.

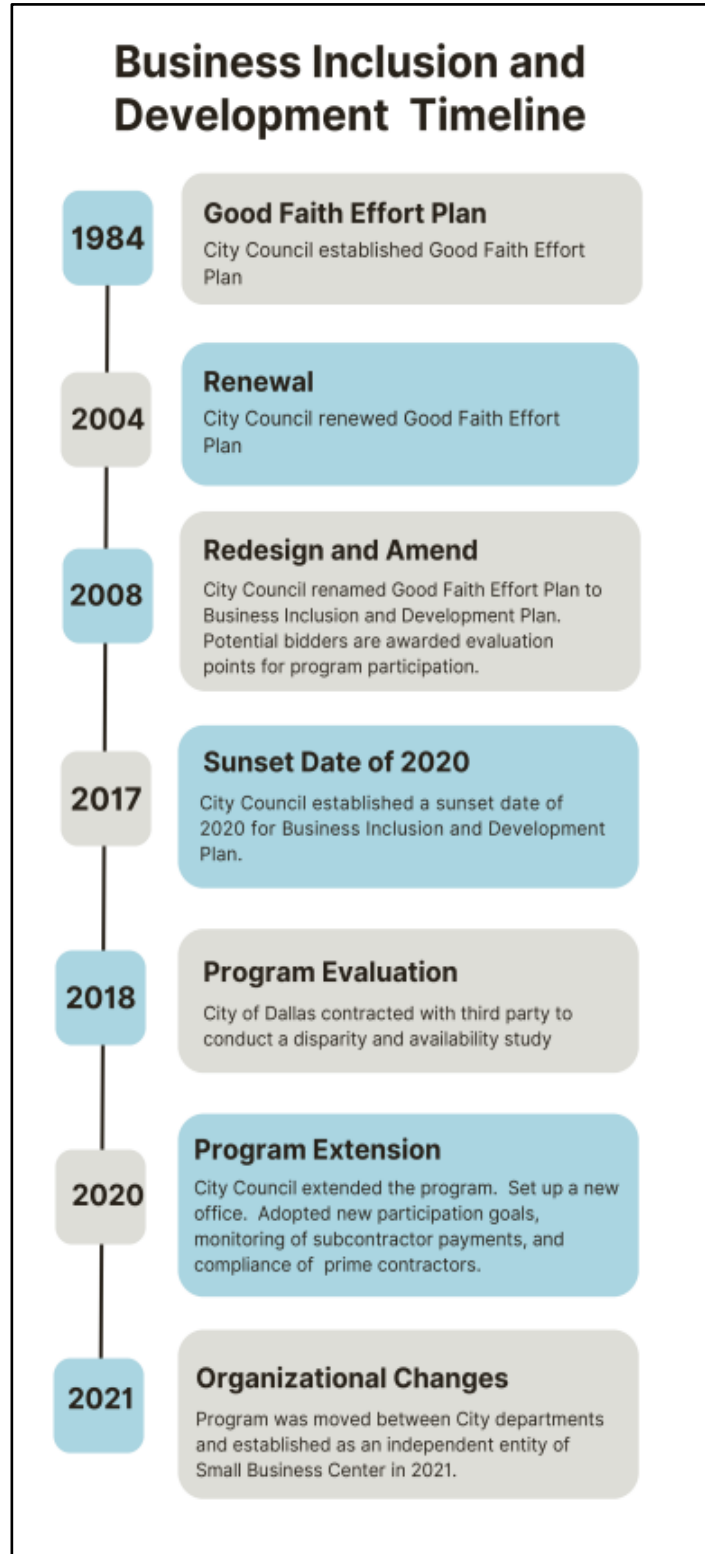
The *Business Inclusion and Development Policy* applies to all contracts for the purchase of goods and services over \$50,000 with a special emphasis on those contracts with first tier subcontracting opportunities. This provision supersedes any departmental plans or procedures in conflict unless otherwise noted.

The *Business Inclusion and Development Policy* has four objectives. The audit scope focused on the *Business Inclusion and Development Policy* objectives related to providing procedures for monitoring, enforcement, and compliance with Minority and Women-Owned Business Enterprise requirements post council award. The City Manager is the designated Liaison Officer for the program and delegates daily operational activities to the Small Business Center. The Small Business Center was established on October 1, 2021, with three divisions: Workforce, Entrepreneurship, and Business Diversity.

The *Business Inclusion and Development Policy* and its activities are managed by the Business Diversity division of the Small Business Center. Business Diversity responsibilities are to:

- Develop, manage, and implement policy.
- Maintain and provide a directory of certified Minority and Women-Owned Business Enterprise vendors.
- Maintain a directory of the City of Dallas vendors.
- Track and monitor participation including subcontractors with emphasis on post-council award.
- Track and monitor payments from the City to prime contractors, from prime contractor to subcontractors.
- Grant evaluation points during the procurement process.
- Communicate Minority and Women-Owned Business Enterprise goals to departments.
- Maintain and submit accurate and current reports of performance of goals.

The City of Dallas maintains the option to waive the *Business Inclusion and Development Policy* criteria when there is no opportunity for Minority and Women-Owned Business Enterprise inclusion. Before the award of the contract, the City of Dallas will require bidders/proposers to document good faith efforts to meet the established goals. Failure to adequately document good faith efforts to obtain Minority and Women-Owned Business Enterprise participation is considered noncompliance. The *Business Inclusion and*



The *Business Inclusion and Development Policy* and its activities are managed by the Business Diversity division of the Small Business Center. Business Diversity responsibilities are to:

*Development Policy* goals that were adopted in 2020 after the Availability and Disparity Study are noted in [Exhibit 3](#) below.

**Exhibit 3:**

Business Inclusion and Development Policy Goals Approved in 2020

Procurement Category	Goal
Construction	32%
Architecture & Engineering	34%
Professional Services	38%
Goods	32%
Other Services	0%

**Source:** *Business Inclusion and Development Policy 2020*

There are three agencies that certify Minority and Women-Owned Business Enterprise ownership and control and provide Minority and Women-Owned Business Enterprise certification services for the City of Dallas. They are the North Central Texas Regional Certification Agency, the Dallas Fort Worth Minority Supplier Development Council, and the Women's Business Council-Southwest. The City of Dallas is a member of all three agencies.

The Small Business Center reports on its progress and compliance with goals through performance measures. For fiscal year 2021-2022 the performance measures set were:

- Percentage of City spend with vendors located in Dallas – 40%
- Percentage of certified Minority -Women-Owned Business Enterprises spend with vendors located in Dallas – 65%

## Methodology

The audit methodology included: (1) interviewing personnel from the Small Business Center, Information Technology Services, Financial Division, and Office of Procurement Services; (2) reviewing internal policies and procedures, and (3) performing various reperformance and recalculations of procedures. In addition, all five components of *Standards for Internal Control in Federal Government* were considered.

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 conclusions based on 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

Mamatha Sparks – Audit Manager, CIA, CISA, CISSP, CRISC

Carron Perry – Engagement Manager, CIA

Jennifer Phung – Senior Auditor, CIA

## **Appendix B: Management's Response**

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See following pages for Audit Acknowledgement Letter and Management Responses.

## Memorandum



**DATE:** February 14, 2024

**TO:** Mark S. Swann – City Auditor

**SUBJECT:** Response to the Audit of Small Business Center – Minority and Women-Owned Business Enterprises

This letter acknowledges the City Manager's Office received the *Audit of Small Business Center – Minority and Women-Owned Business Enterprises (M/WBE)* and submitted responses to the recommendations in consultation with the appropriate City department.

The Small Business Center (SBC) was established in December 2021 and serves the community by promoting business diversity, workforce development, and entrepreneurship programs. The SBC is pleased with the progress it has made in a little over two years but recognizes there are opportunities for continuous improvement.

SBC will leverage the auditor's recommendations to improve its processes.

Specifically, SBC will:

- Implement a BID tracking and post-award monitoring process to ensure minority/women business enterprise (M/WBE) prime contractors and subcontractors are timely reporting accurate data;
- Track, document, and monitor the post-council award in the B2GNow application. Update the Business Inclusion and Development Policy and Administrative Guide to ensure an effective compliance monitoring and tracking process;
- Work with relevant departments to ensure the planned upgrade to the financial system provides the necessary data for the SBC to transition from reporting M/WBE participation based on encumbrance data to total annual spend data;
- Revise the Business Inclusion and Development Administration Guide to define local business spending in alignment with existing SBC practices;
- Implement a process to verify the accuracy of the vendor self-reported addresses conform to the City's definition of a local business; and
- Ensure the revised Business Inclusion and Development Policy and Business Inclusion and Development Administration Guide incorporate the utilization goals and procurement categories.



Response to the Audit of Small Business Center – Minority and Women-Owned Business Enterprises  
February 14, 2024  
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Sincerely

A handwritten signature in blue ink, appearing to read 'T.C. Broadnax', written over a circular blue scribble.

T.C. Broadnax  
City Manager

C: Genesis D. Gavino, Chief of Staff  
Jack Ireland, Chief Financial Officer  
Kimberly Bizer Tolbert, Deputy City Manager  
Joyce Williams, Director, Small Business Center

Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
High	We recommend the <b>Director of Small Business Center:</b>			
		<p><b>A.1</b> Develop a process to monitor compliance of post council award activities for first tier subcontractor payment as described in the <i>Business Inclusion and Development Policy</i>.</p>	<p><b>Agree</b></p> <p>The Small Business Center (SBC) began reviewing the existing compliance process in December 2022. Through this review, SBC has identified opportunities to improve communication with relevant departments.</p> <p>Additionally, SBC has identified the current financial system's limited reporting capability as a constraint that limits SBC's ability to monitor compliance efficiently.</p> <p>SBC is working with relevant departments to help ensure a planned upgrade to the financial system will provide an efficient process for extracting the necessary data from the financial system to allow for an efficient monitoring process.</p> <p>Additionally, SBC will update the Business Inclusion and Development Policy (Policy) and Business Inclusion and Development Administration Guide (Guide) to ensure better communication and an effective compliance monitoring process.</p> <p>SBC anticipates the new process will include:</p> <ul style="list-style-type: none"> <li>• A robust BID tracking and a post-award monitoring process to ensure prime contractors and</li> </ul>	9/30/2024

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
			subcontractors are timely reporting accurate data; and <ul style="list-style-type: none"> <li>• Ensure departments provide timely notification to proceed to the prime contractors.</li> </ul>		
	<b>A.2</b> Use the B2GNow application to track, document, and monitor the post council award resolution formally.	<b>Agree</b>	SBC's dedicated BID staff will formally track, document, and monitor the post-council award.  In addition, SBC will enhance communication with involved parties, ensuring a clear understanding of expectations by following up with prime contractors, subcontractors, and departments related to compliance concerns. In addition, SBC will develop an escalation strategy should initial follow-up with prime contractors, subcontractors, and departments not remedy compliance concerns.  Finally, SBC will ensure transparency by providing annual compliance reports to departments on all contracts involving M/WBE prime and sub-contracting participation.	9/30/2024	9/30/2025

Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date	
<b>Moderate</b>	We recommend the <b>Director of Small Business Center:</b>				
	<p><b>B.1</b> Identify appropriate source data to use for performance measure reporting.</p>	<p><b>Agree</b></p>	<p>The current financial system does not provide the data necessary for efficient Dallas 365 Performance Measure Reporting.</p> <p>SBC is working with relevant departments to ensure the planned upgrade to the financial system will capture the necessary information to allow SBC to transition from reporting M/WBE participation based on encumbrance data to total spending data.</p> <p>Once the upgrade is complete, SBC will supplement this effort by developing and testing formal procedures for calculating the performance measures.</p>	<p>9/30/2024</p>	<p>9/30/2025</p>
	<p><b>B.2</b> Define local business spending consistently for the program.</p>	<p><b>Agree</b></p>	<p>SBC will revise the Guide to clarify local business spending. In addition, the Guide will provide a consistent process to verify a vendor's qualification as a local market vendor, based upon the 2020 A&amp;D Study.</p> <p>Specifically, SBC has:</p> <ul style="list-style-type: none"> <li>Revised the list of eligible ZIP Codes to allow for the consistent identification of local businesses; and</li> </ul>	<p>9/30/2024</p>	<p>9/30/2025</p>

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
			<ul style="list-style-type: none"> <li>Implemented a process to investigate whether a vendor in specific ZIP codes qualifies as a local market vendor.</li> </ul> <p>Additionally, SBC will finalize revisions to the Guide, and review qualifying ZIP Codes annually and make necessary updates.</p>		
	<p><b>B.3</b> Verify and validate vendor self-registration to City's definition of local business.</p>	<p><b>Agree</b></p>	<p>SBC will implement a process to verify the accuracy of the vendor's self-reported addresses conforms to the City's definition of a local business.</p> <p>Specifically, SBC will vet all existing vendors registered as local businesses. Further, SBC will require new vendors to submit appropriate documentation at registration and periodically. SBC will review the documentation to ensure initial and continued eligibility.</p>	<p>9/30/2024</p>	<p>9/30/2025</p>
	<p><b>C.1</b> Adopt, modify and/or develop procedures to reflect daily activities to achieve Minority and Women-Owned Business Enterprise participation goals. At a minimum, the current procedures should reflect the updated utilization goals and procurement categories.</p>	<p><b>Agree</b></p>	<p>SBC began revising the draft BID Policy and the Administrative Guide in December 2023. The revised guidance includes clarified forms and directions that aid vendors in reporting data.</p> <p>Specifically, SBC will:</p> <ul style="list-style-type: none"> <li>Update the Guide with the utilization goals and procurement categories, and</li> </ul>	<p>9/30/2024</p>	<p>9/30/2025</p>

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
			<p>include a process to monitor vendors for compliance;</p> <ul style="list-style-type: none"> <li>• Capture M/WBE spend, inclusive of Administrative Actions, cooperatives, and lowest bid, for calculating and monitoring overall utilization goals;</li> <li>• Implement a process for calculating and monitoring Tier II (e.g., subcontractor) spend to the Guide and Policy; and</li> <li>• Consistently provide BID Form 623 (Bid Pre-Proposal Form) and BID Form 627 (Workforce Composition) to vendors for M/WBE procurements to enhance communication regarding vendor data submission requirements.</li> </ul>		