

OFFICE OF THE CITY AUDITOR

AUDIT OF THE VITAL STATISTICS BIRTH AND DEATH CERTIFICATE IMAGING SYSTEM



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November 11, 2005

Memorandum



CITY OF DALLAS

November 11, 2005

Honorable Mayor and Members of the City Council
City of Dallas

We have conducted an audit of the Vital Statistics Birth and Death Certificate Imaging System for the period August 1, 2001 through December 31, 2004. This audit was conducted under the authority of Chapter IX, Section 2 of the Dallas Charter and in accordance with the Annual Audit Plan approved by the City Council.

We did not find any evidence of non-compliance with State law regarding certificate retention requirements. However, as a result of our inquiries, examinations, and reviews, we conclude that current procedures need to be modified to ensure the continued availability of paper and electronic certificates in the event of a disaster and procedures need to be enhanced to provide additional protection of a citizen's identity. There are also productivity improvements that can be realized.

Our concerns are addressed in the Opportunities for Improvement section of this report.

We appreciate the cooperation of City staff during our examination.

Paul T. Garner
Assistant City Auditor

c: Mary K. Suhm, City Manager

**AUDIT OF THE VITAL STATISTICS
BIRTH AND DEATH CERTIFICATE IMAGING SYSTEM**

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EXECUTIVE SUMMARY

We have conducted an audit of the Vital Statistics Birth and Death Certificate Imaging System. Our audit period was August 1, 2001 through December 31, 2004.

We have summarized our Opportunities for Improvement below.

- Lack of data backups of the Fortis image server is a risk to the availability of electronic certificates in the event of a disaster.
- Vital Statistics revenue is at risk if un-imaged certificates are destroyed.
- Lack of adherence to department hiring procedures and Administrative Directive 4-9 increases the risk of identity theft.
 - Background checks on Vital Statistics employees are not processed until after they are employed.
 - The annual Statement on Internal Controls, as required in AD 4-9, has not been performed or submitted in the past three years.
- Inefficient manual processes impede improvements to departmental productivity.
 - Workstations and printers are not configured for multi-purpose uses.
 - Logging of certificate numbers is manually intensive and prone to data entry errors.
 - Implementation of the Texas Electronic Register (TER) system has negatively affected productivity in the department.
- Business Development and Procurement Services (BDPS) exceeded the 25% change order limitation, as defined in the State of Texas Local Government Code, when procuring the EHS Fortis imaging system.

We did not find any evidence of non-compliance with State law regarding certificate retention requirements.

Due to public safety and security concerns, the audit objective addressing security controls has been omitted from this report. The Government Auditing Standards (Yellow Book), June 2003, Sections 8.35, 8.36, and 8.37, also provides guidelines regarding privileged and confidential information. Our findings pertaining to security controls have been communicated to the appropriate information security personnel.

INTRODUCTION

We have conducted a performance audit of the City of Dallas Birth and Death Certificate Imaging System, administered by the Vital Statistics Division of the Department of Environmental and Health Services (EHS). We conducted this audit under the authority of Chapter IX, Section 2 of the Dallas City Charter, and in accordance with the Annual Audit Plan approved by the City Council.

Scope and Methodology

We performed our audit in accordance with generally accepted government auditing standards and included tests of the accounting and related records and other audit procedures that we considered necessary in the circumstances. This audit was limited to a review of the imaging system hardware, software, and departmental procedures specific to the Vital Statistics Division operations. Our audit covered the period August 1, 2001 through December 31, 2004, but we also reviewed certain related procedures, events, and matters occurring before and after this period.

The general objectives of our audit were to determine whether:

1. The imaging system and procedures comply with state law regarding birth and death record retention requirements.
2. The system and current procedures are operating efficiently and effectively.
3. The imaging system features as specified in the contract and Request for Competitive Sealed Proposal (RFCSP) were delivered.

To develop an understanding of relevant control structure policies and procedures, we interviewed management and staff; conducted internal surveys, and reviewed related documents. Our audit focused primarily on the processing of birth certificates because the number of birth certificates stored and processed greatly exceeds the number of death certificates stored and processed.

Due to public safety and security concerns, the audit objective addressing security controls has been omitted from this report. The Government Auditing Standards (Yellow Book), June 2003, Sections 8.35, 8.36, and 8.37, also provides guidelines regarding privileged and confidential information. Our findings pertaining to security controls have been communicated to the appropriate information security personnel.

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Overall Conclusion

We conclude that:

1. The imaging system and procedures comply with state law regarding birth and death record retention requirements.
2. Current procedures need to be:
 - o Modified to ensure the continued availability of paper and electronic certificates in the event of a disaster.
 - o Enhanced to provide additional protection of a citizen's identity.
 - o Modified to increase efficiency and productivity in the department.
3. Environmental and Health Services did not execute a contract or issue an RFCSP for the Fortis imaging system. Since these documents do not exist, we were not able to determine whether the imaging system features as specified in the contract and Request for Competitive Sealed Proposal (RFCSP) were delivered. However, in our review, we noted that the total purchase price of the system exceeded the 25% change order limitation as defined in the State of Texas Local Government Code.

These concerns are noted and discussed in the Opportunities for Improvement section of this report.

A separate management letter, dated September 27, 2005 was issued to the Department of Environmental and Health Services Vital Statistics Division regarding customer service efficiency issues.

Background

The Fortis system is an electronic document imaging system that converts birth and death certificates to an electronic format. The system enables rapid retrieval and printing of certificates as well as electronic storage and archiving of a certificate.

In 2000, the Dallas Police Department (DPD) purchased the Fortis Imaging system from IKON Office Systems. After viewing a demonstration of the software and determining that the system would serve the needs of the department, EHS purchased the Fortis system at a cost of \$49,415. The system went into production in September 2002. The system consists of a database server, an image server (storing the converted certificates), and software loaded on the workstation.

An electronic document offers two primary advantages over paper certificates. First, instead of needing extensive built-in storage cabinets to house the paper certificates, all certificates received by the Vital Statistics office can be stored electronically on a

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computer. Secondly, certificates can be researched and retrieved electronically, thereby reducing the time a customer must wait for a copy to be made. Also, electronic storage provides an additional level of document redundancy through the use of data backup facilities and offsite storage.

There are two phases or processes involved in storing a certificate electronically. First, the certificate is manually scanned by loading the document into a scanner. The resulting image is stored electronically. The second phase involves indexing the scanned image for document retrieval purposes. In both processes, a person is required to initiate the procedures. After the scanning and indexing processes are completed, the image may be viewed at any Vital Statistics workstation running the Fortis software application. This electronic scanning and imaging process provides Vital Statistics with the ability to reduce the amount of time needed to fulfill a birth certificate request submitted by the general public.

For the years 2004 and prior, birthing facilities sent the original birth certificate to the City for official recording purposes. The City then forwarded the original certificate to the State for final disposition. In January 2005, the State implemented a new system whereby the birthing facilities file their birth certificates online directly with the Texas Department of State Health Services (TDSHS). The TDSHS officially records the birth and makes the information available to the local registrar's offices via a system called the Texas Electronic Register (TER). The scope of this audit does not include the implementation of the State's new system; however, we do provide comments on the impact of the new system on Vital Statistics operations.

The State of Texas operates in an oversight role for the Vital Statistics offices throughout the State by providing forms and instructions to local registrars for collecting, recording, and preserving certificates, verifying existence of certificates at the State if the local registrar elects to destroy certificates, and examining certificates received from the local registrar for completeness. In addition to this operational role, the State also issues regulations that affect the operations of local registrars.

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We identified certain policies, procedures, and practices that can be improved. Our audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the opportunities for improvement presented in this report may not be comprehensive of the areas where improvements may be needed.

1. Lack of data backups of the Fortis image server is a risk to the availability of electronic certificates in the event of a disaster.

We found that a backup of the Fortis image server storing the converted certificates had not been performed prior to December 31, 2004. According to Department of Communications and Information Services (CIS), the reason that backups were not performed was that EHS did not provide guidelines to CIS regarding a backup strategy for the Fortis image server.

There are two servers comprising the Fortis imaging system. One server stores the scanned images. This server is referred to as the Fortis image server. The second server maintains the database indexes that reference the images contained on the Fortis image server. This second server is referred to as the Fortis database server.

Backups are very important to the ongoing operations in the department. If a catastrophic event occurred on the image server, then the converted documents stored on the server would be lost and only recoverable up to the point of the last backup. The remainder of the lost images would have to be re-scanned thereby placing an additional workload on the department. To further compound the risk, if the paper certificates were destroyed because of fire or water damage, the City would not have any record of certificates since the last backup in March 2005. Based on the criticality of the data, we consider the lack of backups on the image server to be a risk to the preservation of the data.

Section 11.23, Delivery and Support, of the Control Objectives for Information and related Technology (CobiT), states that,

“Management should implement a proper strategy for back-up and restoration (of data) to ensure that it includes a review of business requirements, as well as the development, implementation, testing and documentation of the recovery plan. Procedures should be set up to ensure that back-ups are satisfying the above-mentioned requirements.”

A review of the IT Recovery Time Objective Review 2004 (part of the CIS IT Disaster Recovery Program) indicates that the Fortis imaging system is not included in CIS's overall system backup plan. Although the plan shows a daily/weekly backup

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schedule for Vital Statistics systems, the system(s) referred to is a mainframe database that is not related to birth and death certificates. We consider the absence of the Fortis system (image and database servers) from the CIS backup plan to be a risk to the security and availability of the data in the event of a disaster.

Backups on the Fortis database server are performed on a routine basis. Regarding the Fortis image server, CIS has recently implemented procedures to address routine backups.

We recommend that the Director of CIS develop, implement, and document a data backup plan for the Fortis image server.

Management's Response:

EHS Response: EHS Management agrees with the recommendation. Based on the business requirements of Vital Statistics, EHS has requested that CIS provide daily backups of the Fortis Imaging Server and that any restoration from the backup in the event of a catastrophic event be complete and restored within 48 hours. EHS has further requested that CIS provide assistance in the development, implementation, testing and documentation of a recovery plan.

CIS Response: Management is in agreement with this recommendation. CIS will work with EHS to define their disaster recovery requirements. Requirements gathering will be based on EHS availability but should be targeted for no later than 31 March 2006. Based on those requirements, CIS will present EHS with cost estimates and associated plans within 3 months. Such plans will be implemented as soon as possible after EHS's review, acceptance, approval, and funding.

2. Vital Statistics revenue is at risk if un-imaged certificates are destroyed.

If the original un-imaged paper certificates stored in filing racks in Vital Statistics were destroyed due to fire, water, etc. damage, the City would have no cost-effective alternative to reproduce the destroyed certificates. The unavailability of certificates would result in lower revenues for the City since customers would look to the County or State registrar's offices to purchase their certificates.

Of the approximately 1,006,190 birth and death certificates stored in the Vital Statistics office area, only 114,109, or 11%, have been converted to an electronic format in two and one-half years (see Table 2). 892,081 birth and death certificates are backlogged for conversion. Our review found that birth certificates for the years 2002-2004 have been converted to the electronic format, but birth certificates for the previous 19 years, approximately 225,000, are not yet converted.

Table 2

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**Unprocessed Birth and Death Certificates
1983-2004**

Year	BIRTH		DEATH		TOTAL	
	Total	Un-imaged	Total	Un-imaged	Total	Un-imaged
1983	32,294	32,294	9,984	9,984	42,278	42,278
1984	32,397	32,397	10,179	10,179	42,576	42,576
1985	33,741	33,741	10,000	10,000	43,741	43,741
1986	36,404	36,404	10,541	10,541	46,945	46,945
1987	36,585	36,585	10,354	10,354	46,939	46,939
1988	35,609	35,609	10,230	10,230	45,839	45,839
1989	33,444	33,444	10,400	10,400	43,844	43,844
1990	37,700	37,700	8,730	8,730	46,430	46,430
1991	38,552	38,552	11,088	11,088	49,640	49,640
1992	34,562	34,562	10,339	10,339	44,901	44,901
1993	33,980	33,980	10,684	10,684	44,664	44,664
1994	32,943	32,943	10,390	10,390	43,333	43,333
1995	32,972	32,972	10,485	10,485	43,457	43,457
1996	33,598	33,598	10,244	10,244	43,842	43,842
1997	35,958	35,958	10,056	10,056	46,014	46,014
1998	33,980	33,980	10,199	10,199	44,179	44,179
1999	36,701	36,701	10,374	10,374	47,075	47,075
2000	37,622	37,622	10,700	10,700	48,322	48,322
2001	38,255	38,255	10,623	10,623	48,878	48,878
2002	38,332	0	10,634	10,634	48,966	10,634
2003	38,184	0	10,381	10,381	48,565	10,381
2004	37,593	0	8,169	8,169	45,762	8,169
Total	781,406	667,297	224,784	224,784	1,006,190	892,081

The primary cause of the backlog appears to be the lack of adequate resources to convert the certificates into an electronic format. Based on data supplied by Vital Statistics covering a typical one-month period in 2004, the one FTE dedicated to converting certificates was able to process approximately 811 certificates per day. This daily volume equates to 16,219 per month. Applying this production rate to the backlog of 892,081 certificates, we estimate that it will take 55 months, or four and one-half years to convert the remaining certificates. If a second FTE and scanning station were added, this would potentially reduce the conversion time to just over two years.

Considering the vulnerability of the paper certificates to damage and destruction, any departmental efforts to reduce the backlog can reduce the risk associated with storing paper certificates. The City Auditor's Office estimates that each additional FTE that is added to scan the remaining certificates will cost approximately \$43,000. This amount is based on the mid-range salary for a Customer Service Representative II employee plus city contributions for insurance and pension. With

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additional permanent or temporary staffing and equipment additions, it is possible that the backlog could be eliminated within a six-month time-period.

According to the department manager, requests to secure additional staff (to work through the backlog) have been made since the system was brought online, but as of December 31, 2004, there was only one person dedicated to document conversion.

To further facilitate the reduction of the document backlog, the City Auditor's Office asked IKON to prepare recommendations for streamlining the imaging process. IKON's recommendations are based on the purchase and implementation of additional software. IKON stated as part of their recommendations that "the need to hire additional people will eventually arise unless software like this is implemented – in essence increasing efficiency of the current staff."

The first-year cost of the software is \$31,020. Annual maintenance expense is approximately \$3,900. The details of the vendor recommendations and associated costs have been supplied under separate cover to EHS. The effects of implementing the IKON recommended software are:

- Replace manual processes with automated processes.
- Reduce potential indexing errors through use of an automated process.
- Increase the number of documents processed per day.

We recommend that the Director of EHS develop and implement a plan to reduce the outstanding backlog of certificates in a timely manner.

Management's Response:

EHS Management agrees with the recommendation. EHS is assessing options, as provided in the exit report, for the automated scanning of the document backlog and which would allow the scanning of paper and microfilm certificates directly into Fortis. In addition, temporary staff will be hired to expedite the process in the interim.

3. Lack of adherence to departmental hiring procedures and Administrative Directive 4-9 increases the risk of identity theft.

Although State statutes address confidentiality of birth information, the EHS Vital Statistics Division has not implemented steps to ensure that the public is protected from identity theft and fraudulent activity on a routine basis. The intent of departmental hiring procedures, State statutes, and Administrative Directive (AD) 4-9: Internal Controls, is to protect the public against identity theft and fraudulent

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activity; however, not adhering to these mandates leaves the department exposed to potential illegal activities.

In testimony given in 2002 by Charisse M. Phillips, (Director Office of Fraud Prevention Programs, U.S. Department of State), to the U.S. House Committee on Ways and Means, she described the rampant problem of travel document fraud in the United States. In her remarks, she indicated that one of the fundamental building blocks to illegally obtaining travel documents is the birth certificate. She said the birth certificate is used to obtain a Social Security card or driver's license from which a passport or other travel document is obtained. She identified the individuals perpetrating the fraud as criminals, terrorists, and hostile governments.

Our review found weaknesses in two areas that may jeopardize the security of a citizen's identity. These areas are discussed below.

A. Background checks on Vital Statistics employees are not processed until after they are employed.

According to Human Resources (HR), background checks are not performed until after the new employee reports for work. Additionally, a background check is not performed on all Vital Statistics employees due to the processing costs. Consequently, it is possible that a Vital Statistics employee may never have a background check performed thus allowing individuals with prior criminal records to work in Vital Statistics. For those individuals who did have a background check performed, HR indicated that the results of the background check were not documented in the employee's HR files.

According to HR, in other departments such as Police and Fire, background checks are routinely performed prior to employment. HR stated that the City Attorney's Office requires its employees to sign confidentiality agreements as a condition of employment.

By not requiring a background check on all personnel prior to employment, the security of an individual's identity is at risk.

B. The annual Statement on Internal Controls, as required in AD 4-9, has not been performed or submitted in the past three years.

Our review found that Statements on Internal Controls were not submitted by the department to the City Manager for the years 2002-2003. By not performing the assessment during these years, the department missed the opportunity to identify gaps in physical and logical security during the implementation and the first full year of production.

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The Statement, as found in section 7.2 of AD 4-9, is an analysis of the general control environment and inherent risks, and a preliminary evaluation of safeguards. Technological considerations for an assessment are covered in section 7.1.1.1.H and in the Vulnerability Assessment Form (Exhibit A to AD 4-9). The assessment form identifies Information Systems and Technology Considerations in the following manner:

- Security measures which limit the use of computer equipment to authorized personnel.
- Security access controls are used to assure that only approved input is accepted into the system.
- Physical security measures are present for the protection of the equipment at all times.
- Published instructions or procedures are available to users of the equipment.

If a vulnerability assessment had been performed annually, as required by AD 4-9, some of the physical and logical security concerns communicated to CIS management under separate cover, may have been mitigated thereby reducing the risks of identity theft.

We recommend that the Director of EHS:

- A. Require that all Vital Statistics employees have a routine background check completed prior to employment with the City, file documentation of the background checks in the employees' HR files, and require employees to sign confidentiality agreements annually.
- B. Ensure that Vital Statistics adhere to the annual internal control reporting requirements as specified in AD 4-9.

Management's Response:

- A. EHS Management agrees with the recommendation and will require routine background checks for all new staff prior to an offer of employment being made, rather than after. A copy of the background check will be placed in the employee's permanent file. Further, EHS Management will require all staff to sign annual confidentiality agreements. A copy of the signed agreements will be placed in the employee's permanent personnel file.
- B. The Director of EHS has adhered to annual internal control reporting requirements as specified in AD 4-9. Attached is a copy of the most current

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Statement on Internal Control, dated November 11, 2004, and provided to the Interim City Manager. There were no identified risks in the last report.

4. Inefficient manual processes impede improvements to departmental productivity.

Our review of the certificate conversion process revealed that inefficiencies exist in the basic daily processes used to fulfill a birth certificate request. Although the Fortis system was purchased to improve customer service and provide storage redundancy for the certificates, network connectivity issues and manual processes hinder improvements in productivity.

A. Workstations and printers are not configured for multi-purpose uses.

There are four primary workstations used to process birth certificates. Each workstation and their assigned functions are shown below:

- Workstation #1 – State Registrar’s Office certificates, access to Fortis system, attached printer
- Workstation #2 – State Registrar’s Office wallets, access to Fortis system, attached printer
- Workstation #3 – Dallas Vital Statistics wallets (1983-2004), attached printer
- Workstation #4 – access to Fortis system

We found that the workstations are located on two different network segments and that the workstations and printers have not been configured to allow shared printing (so that all workstations can print to all printers). Access to certificates from the TDSHS software application is possible from each workstation, but only one workstation is configured to print the wallet-sized certificates.

A high-speed printer for printing copies of birth certificates, as well as other non-certificate type of documents, is available. In order to print a document, such as a birth certificate retrieved from the State Registrar’s Office, the employee must logon to Workstation #1 to print the certificate. If the employee also needs to print a wallet-sized certificate, he/she must leave Workstation #1, move to Workstation #2, and then print the certificate from the printer directly attached to Workstation #2. Consequently, the employees are constantly moving between desks and walking to and from workstations to enable them to complete a customer’s request.

The current configuration is not an efficient process and does not take advantage of the technology readily available in the department.

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B. Logging of certificate numbers is manually intensive and prone to data entry errors.

Our review of the daily use of the Fortis system showed that certain manual processes used in conjunction with the automated Fortis system are slowing productivity and are prone to data entry error.

When a request is made for a certificate contained within the Fortis system, the employee logs on to the Fortis workstation and searches for the individual on whom the request is being made. When the individual certificate is located, the employee prints the certificate. With certificate in hand, the employee completes the following manual entries on a log sheet located adjacent to the workstation:

- Certificate number
- Ending certificate number (if more than one copy is printed)
- Security Number (this is a unique number printed on each certificate)
- Number of copies printed
- Employee initials

This manual process is open to data entry errors such as recording the incorrect number of copies made or using another person's initials to record the transaction. Although the number of certificates issued for the request is recorded at this point, an accumulated total of the number of certificates printed over the life of the certificate is not tracked. According to IKON, software applications and enhancements are available to automate the logging process described above. Additional software would eliminate potential data entry errors and would help facilitate the tracking of certificates issued on a particular individual.

C. Implementation of the Texas Electronic Register (TER) system has negatively affected productivity in the department.

Although the TER system was designed to streamline the issuance of official birth certificate records from the State, the increased manual workload necessitated by the TER system has negatively impacted departmental productivity. The centralized collection of birth certificate applications by the State has caused the department to implement additional steps in the birth certificate scanning process.

Prior to TER (2004 and earlier), Vital Statistics received the birth certificate application directly from the birthing facility. After processing the certificate, it was converted into an electronic document in the Fortis system. The new TER system now requires birthing facilities to submit birth certificate applications directly to the State. After the State processes the certificates, local registrar offices can access the certificates via the online system. For registrars wanting to maintain their own

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copies of the certificates (like Dallas), each registrar must print a copy of the certificate from the TER system.

Implementation of the TER system caused two additional steps to be added to the conversion process. First, the certificate must be retrieved online via an Internet connection with the TDSHS and secondly, the certificate must be printed to facilitate the conversion of the document into the Fortis system.

According to Vital Statistics employees, new birth certificates are added to the TER system at a rate of 100 to 300 per day. Since these certificates must be accessed online, system performance becomes a factor in how efficiently a certificate can be processed and ultimately converted in the Fortis system. This new manual process consumes between three to eight hours per day depending on the number of certificates TER makes available on a particular day. The impact on the department of using the TER system is an increased workload for existing resources. Without additional staff to process the existing backlog of certificates, the backlog will continue to increase in size.

We recommend that the Director of EHS:

- A. Implement workstation, printer, and network configurations that will allow for multi-purpose uses.
- B. Purchase additional software applications that facilitate the conversion of manual processes to automated processes.
- C. Make a formal request to the State Registrar of the TDSHS to provide electronic birth certificate data to the City of Dallas.

Management's Response:

- A. EHS management agrees with this recommendation. As a result of previous assessments of the work area on November 5, 2004 and April 25, 2005, management has requested that copiers/printers purchased on July 25, 2005, be configured to allow operators to print from any work station. Furthermore, EHS staff will procure additional user licenses to allow access to all birth records from any of the four work stations.
- B. EHS Management agrees with recommendation and will assess software applications and enhancements from IKON, as recommended in the audit report, to further automate manual logging processes.
- C. EHS Management is aware that the State Registrar of the TDSHS does make

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birth certificate data available electronically, but the City of Dallas lacks the ability to input this data into its system. EHS will assess options and costs for the electronic transfer of data into the Fortis system.

5. Business Development and Procurement Services (BDPS) exceeded the 25% change order limitation, as defined in the State of Texas Local Government Code, when procuring the EHS Fortis imaging system.

Our review found that when BDPS procured the EHS imaging system, the price paid for the system exceeded the original (DPD) contract price by more than 25%. Section 252.048 (d) of Chapter 252, Purchasing and Contracting Authority of Municipalities, of the State Local Government Code, states that:

“The original contract price may not be increased under this section by more than 25 percent. The original contract price may not be decreased under this section by more than 25 percent without the consent from the contractor.”

As stated in the background section, DPD was the original purchaser of the system in the City of Dallas. The DPD purchase price was \$156,319 while the EHS purchase price was \$49,415. When the 25% limitation is applied to the EHS purchase, we find that the EHS purchase exceeded the 25% State statute maximum limit by \$10,335 or 6%. Details are shown below.

DPD purchase price	\$156,319
25% maximum increase	\$ 39,080 (Sec.252.048 (b))
EHS purchase price	<u>\$ 49,415</u>
Amount exceeded	\$ 10,335 (6% increase over 25% limitation)

We recommend that the Director of BDPS implements procedures to track cumulative purchases on individual contracts for purchased goods and services.

Management’s Response:

We are in receipt of the Audit review and concur with the City Auditor’s recommendation as stated. BDPS will implement procedures to track cumulative purchases on individual contracts for purchased goods and services.