

Memorandum



CITY OF DALLAS
Bid Review # S14-003

DATE: November 20, 2013

TO: A.C. Gonzalez, Interim City Manager
Michael Frosch, Director – Department of Business Development and Procurement Services
William Finch, Director – Department of Communication and Information Services

SUBJECT: Independent Auditor's Report on Applying Agreed-Upon Procedures for Sole Source –
Renewal of Lawson Human Resources and Information System Software Maintenance
and Support, \$1,727,820.35

Attached for your review is the Independent Auditor's Report on Applying the Agreed-Upon Procedures for Sole Source Procurement of Renewal of Lawson Human Resources and Information System (HRIS) Software Maintenance and Support. These agreed-upon procedures are described in Attachment I.

No exceptions were noted as a result of performing the agreed-upon procedures.

We have performed these agreed-upon procedures solely to assist the Dallas City Council in evaluating the Department of Business Development and Procurement Services' (BDPS) compliance with the requirements of the Administrative Directive (AD) 4-5: *Contracting Policy* and the Texas Local Government Code (TLGC) Chapter 252, *Purchasing and Contracting Authority of Municipalities*.

The Dallas City Charter Chapter IX, Section 3, and the Office of the City Auditor's Fiscal Year 2014 Annual Audit Plan approved by the City Council authorized these agreed-upon procedures projects.

If you have any questions, please contact me at 214-670-3222 or, Carol A. Smith, First Assistant City Auditor, at 214-670-4517.

Sincerely,

A handwritten signature in black ink that reads "Craig D. Kinton".

Craig D. Kinton
City Auditor

Attachments

C: Honorable Members of the Budget, Finance & Audit Committee
Jeanne Chipperfield, Chief Financial Officer
Stephanie Cooper, Assistant Director – BDPS
John Kohut, Buyer Manager – BDPS
Kent Brown, Senior Buyer – BDPS

City of Dallas Office of the City Auditor
Independent Auditor's Report on Applying Agreed-Upon Procedures

*Sole Source Procurement: Renewal of Lawson HRIS Software
Maintenance and Support*

We have performed the procedures described in Attachment I, which were agreed to by the Department of Business Development and Procurement Services (BDPS), solely to assist the Dallas City Council and City of Dallas (City) management in evaluating BDPS's compliance with the following objectives:

- The objective of the Sole Source Procurement Agreed-Upon Procedures is to ensure that these procurements meet the exemptions from competitive bidding as specified in the State of Texas Local Government Code (TLGC) Chapter 252.022 **General Exemptions** (a) (7) – *a procurement of items that are available from only one source*

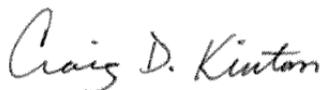
No exceptions were noted as a result of performing the agreed-upon procedures.

The BDPS is responsible for the establishment of the policies and procedures and for compliance with those requirements. The BDPS is also responsible for ensuring compliance with the Administrative Directive (AD) 4-5: *Contracting Policy* and TLGC requirements.

These agreed-upon procedures were conducted in accordance with United States generally accepted government auditing standards, which incorporate attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Dallas City Council and City management and it is not intended to be and should not be used by anyone other than this specified party; however, the report is a matter of public record and its distribution is not limited.



Craig D. Kinton, CPA
City Auditor

November 20, 2013

Agreed-Upon Procedures and Results of Procedures

*Sole Source Procurement: Renewal of Lawson HRIS Software
Maintenance and Support
November 20, 2013*

Agreed-Upon Procedures	Results of Procedures
<p>1. Verify that the documentation to support the sole source procurement is provided by the Department of Business Development and Procurement Services (BDPS) and applicable City of Dallas (City) departments.</p> <ul style="list-style-type: none">• Verify that BDPS has obtained written justification on the vendor's letterhead as to why the procurement is a sole source• Verify that BDPS performed the required research on the Thomas Register of American Manufacturers and sought additional information to ensure that like products and/or services were not available	<p>No exceptions were found as a result of applying the procedure.</p>

Agreed-Upon Procedures	Results of Procedures
<p>2. Review the documentation provided by BDPS to determine whether the goods/service are available from only one source in accordance with the Texas Local Government Code, Chapter 252.022 (a) (7):</p> <ul style="list-style-type: none"> • Existence of patents, copyrights, secret processes, or natural monopolies • Films, manuscripts, or books • Gas, water, and other utility services • Captive replacement parts or components for equipment • Books, papers, and other library materials for a public library that are available from the persons holding exclusive distribution rights to the materials; and, management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits 	<p>No exceptions were found as a result of applying the procedure.</p>
<p>3. Verify the mathematical accuracy of the vendor's quote and/or estimated costs of the goods and/or services.</p>	<p>No exceptions were found as a result of applying the procedure.</p>
<p>4. Evaluate the basis, including prior procurement history (if applicable), used for determining price reasonableness of the vendor's quote and/or estimated costs of the goods and/or services.</p>	<p>No exceptions were found as a result of applying the procedure.</p>
<p>5. Verify that BDPS used the Federal System for Award Management (SAM) website to confirm that the vendor is not currently listed.</p>	<p>No exceptions were found as a result of applying the procedure.</p>