

# Memorandum



CITY OF DALLAS  
Bid Review # S14-004

**DATE:** April 10, 2014

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

**SUBJECT:** Independent Auditor's Report on Applying Agreed-Upon Procedures for  
Sole Source Procurement: AirIT Content Management Application –  
Renewals for Software License, Hardware Warranty and Support, \$286,751.00

Attached for your review is the *Independent Auditor's Report on Applying the Agreed-Upon Procedures for Sole Source Procurement of AirIT Content Management Application-Renewals for Software License, Hardware Warranty 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 cursive script that reads "Craig D. Kinton".

Craig D. Kinton  
City Auditor

Attachments

Independent Auditor's Report on Applying Agreed-Upon Procedures  
Sole Source Procurement: AirIT Content Management Application – Renewals for Software  
License, Hardware Warranty and Support  
April 10, 2014  
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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: AirIT Content Management Application –  
Renewals for Software License, Hardware Warranty 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 Agreed Upon Procedures for Sole Source 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*

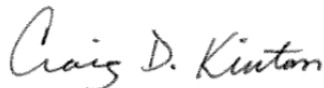
No exceptions were noted as a result of performing the agreed-upon procedures.

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

**April 10, 2014**

**Agreed-Upon Procedures and Results of Procedures**

*Sole Source Procurement: AirIT Content Management Application –  
Renewals for Software License, Hardware Warranty and Support  
April 10, 2014*

Agreed-Upon Procedures	Results of Procedures
<p><b>1.</b> 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"> <li>• Verify that BDPS has obtained written justification on the vendor's letterhead as to why the procurement is a sole source</li> <li>• 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</li> </ul>	<p><b>No exceptions were found as a result of applying the procedure.</b></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 <b>Texas Local Government Code, Chapter 252.022 (a) (7)</b>:</p> <ul style="list-style-type: none"> <li>• Existence of patents, copyrights, secret processes, or natural monopolies</li> <li>• Films, manuscripts, or books</li> <li>• Gas, water, and other utility services</li> <li>• Captive replacement parts or components for equipment</li> <li>• 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</li> </ul>	<p><b>No exceptions were found as a result of applying the procedure.</b></p>
<p>3. Verify the mathematical accuracy of the vendor's quote and/or estimated costs of the goods and/or services.</p>	<p><b>No exceptions were found as a result of applying the procedure.</b></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><b>No exceptions were found as a result of applying the procedure.</b></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><b>No exceptions were found as a result of applying the procedure.</b></p>