

Memorandum



CITY OF DALLAS

DATE April 19, 2024

TO Honorable members of the Government Performance & Financial Management Committee: Chad West (Chair), Paula Blackmon (Vice-Chair), Cara Mendelsohn Jesse Moreno, and Jaime Resendez

SUBJECT **Audit of Small Business Center – Minority and Women-Owned Business Enterprises Response Update**

The purpose of this memorandum is to provide an update on the audit conducted on the Small Business Center. In lieu of a formal presentation to the April 23, 2024, Government Performance & Financial Management (GPFM) Committee, this memorandum includes a briefing to update the Committee on actions taken by the Small Business Center in response to the audit recommendations and key strategic BID Policy revisions.

On March 25, 2024, the Government Performance & Financial Management Committee received a memorandum regarding the Audit of Business Inclusion and Development (BID) Policy based on Resolution 88-3428 & AD 4-09. The scope of the audit was from October 1, 2020, through September 30, 2022. The objectives included in the audit were:

- 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.

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If you have any questions, please contact me or Joyce Williams, Director of the Small Business Center, joyce.williams@dallas.gov.

[attachment]



Kimberly Bizer Tolbert
Deputy City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



City of Dallas

Audit of Small Business Center: Minority and Women-Owned Business Enterprises

Government Performance & Financial Management Committee

April 23, 2024

Joyce Williams, Director
Small Business, City of Dallas

Small Business Center BID Internal Audit Recommendations



- Develop a process to monitor compliance of post council award activities for first tier subcontractor payment
- Use the B2GNow application to track, document, and monitor the post council award resolution formally.
- Identify appropriate source data to use for performance measure reporting.
- Define local business spending consistently for the program.
- Verify and validate vendor self-registration to City's definition of local business.
- 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.





• A.1 Audit Recommendations

Develop a process to monitor compliance of post council award activities for first tier subcontractor payment.

SBC Response/Actions

- SBC will continue automated monthly notifications to contractors tracking payments to first tier M/WBEs.
- SBC will consistently monitor contracts and payments to M/WBE subcontractor monthly and document non-compliance for record keeping.

Currently in-process, Implementation Date: 9/30/2024





• A.2 Audit Recommendations

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

• SBC Response/ Actions

- SBC will assign staff to formally monitor and contact non-compliant vendors to resolve issues.
- SBC will formally provide reports of non-compliance quarterly and annually to identified departments for record keeping.

Currently in-process / Implementation Date: 9/30/2024





• B.1 Audit Recommendations

Identify appropriate source data to use for performance measure reporting.

• SBC Response/ Actions

SBC is currently working with internal departments to customize a financial report used to identify monthly utilization for M/WBEs.

Currently in-process / Implementation Date: 9/30/2024





• B2. Audit Recommendations

Define local business spending consistently for the program.

• SBC Response/Actions

- SBC has updated the list of eligible zip codes based upon the U.S. Postal Service identification.
- List has been uploaded in the City's vendor registration system to indicate consistent identification of local businesses with Dallas City and Dallas County limits.

Completed; however, will closely monitor throughout maturity date of : 9/30/2025





• B.3 Audit Recommendations

Verify and validate vendor self-registration to City's definition of local business.

• SBC Response/Actions

SBC will implement a process to verify accuracy of vendor self-reported business locations through BID form 623 and DCAD report.

Completed; however, will closely monitor throughout maturity date of : 9/30/2025





C.1 Audit Recommendations

- 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.

SBC Response/ Actions

- Revise BID Policy and Administrative Guide to reflect recommendations inclusive of guidelines and responsibilities of internal city departments and external prime and subcontractors' compliance.
- Revise the monitoring process to track utilization of Administrative Action (AA) agreements above \$50,000.00 for M/WBEs subcontractors.

In-process Implementation Date: 9/30/2024



Key Strategic BID Policy Revisions



Each strategy must increase contracting opportunities to access, growth, and capacity for M/WBEs:

Updated Good Faith Effort Requirements

- Feedback from internal and external participants in **focus groups** stated SBC could better support **access to contracting opportunities**.
- Pre- Award GFE requirements and Close-out GFE requirements were updated to document 20% effort to outreach to M/WBE's in the specified Dallas Market

Updated M/WBE Participation Requirements

- Results for KBHCC pilot participation model
- Feedback from internal and external participants in **focus groups** stated SBC could better support **building M/WBE prime contracting capacity**.
- Updated policy to allot a limited percentage to count toward BID goals for M/WBE Primes who self-perform within the scope of work

Updated M/WBE Evaluation Criteria

- Feedback from internal and external participants in **focus groups** stated SBC could better support **growth and mentoring of sub-contractors**.
- Updated evaluation criteria (15 points) to include 1pt for all Primes who participate in the City's Mentorship Program.

Updated Compliance and Accountability Monitoring and Reporting

- Feedback from internal and external participants in **focus groups** stated SBC could better support **capacity and sustainability M/WBEs**.
- Updated BID policy to report non-compliance payment to departments to resolve quickly.
- Updated BID process to track M/WBE Prime, Tier 1 and Tier 2 payments for overall utilization





- Implement Internal Audit Recommendations by September 30, 2024
- Evaluate impact of revisions by Maturity Recommended Date of September 30, 2025 .
- Assess M/WBE participation and utilization data from September 2024- 2025 to measure effective impact
- Provide an update to GFPM Committee October 2025 on results and impact of the BID Policy revisions





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Joyce Williams, Director
Small Business, City of Dallas