



OFFICE OF CONTRACT COMPLIANCE

PRESENTATION TO FINANCE/EXECUTIVE COMMITTEE

JUNE 16, 2021

AMANDA NOBLE, CITY AUDITOR

STEPHANIE JACKSON, DEPUTY CITY AUDITOR

NIA YOUNG, AUDIT SUPERVISOR

MYRA HAGLEY, SENIOR PERFORMANCE AUDITOR

LINDSAY KUHN, PERFORMANCE AUDITOR

OBJECTIVES

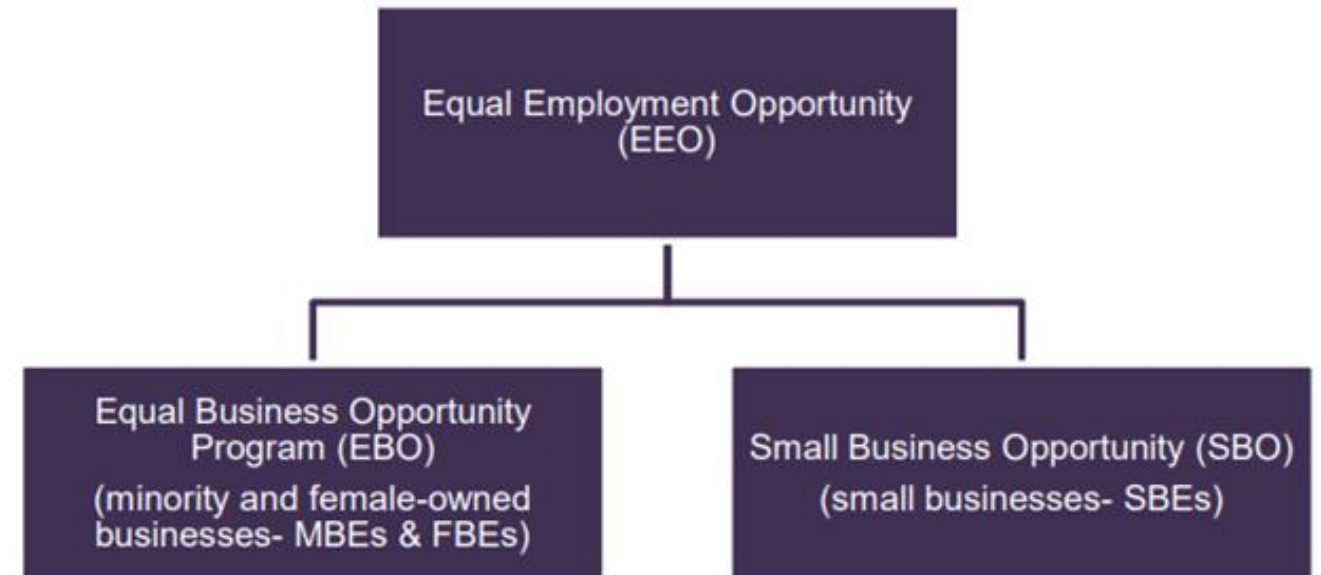
- Are controls in place to ensure that Contract Compliance meets the city's diversity goals?
- Are resources in place for Contract Compliance to meet its goals?

CONTRACT COMPLIANCE PROMOTES DIVERSITY ON ELIGIBLE CONTRACTS

OCC's Mission:

To mitigate the effects of past and present discrimination by ensuring that small, minority-owned, female-owned and disadvantaged businesses participate in city contracts.

Exhibit 1: City Seeks to Promote Inclusion in Contracting Opportunities



Source: City Code Sections 2-1358, Sec. 2-1411, Sec 2-1414(a), Sec 2-1445, and Sec 2-1448(a).

CONTRACT COMPLIANCE CERTIFIES BUSINESSES AND MONITORS CONTRACTS FOR MINORITY PARTICIPATION

Exhibit 2: Contract Compliance Promotes Diverse Participation in City Contracts

Activities	Description
Vendor Outreach	Provides workshops and information about project opportunities to current and potential vendors
Equal Business Opportunity (EBO) & Small Business Opportunity (SBO) Certification	Evaluates and processes certification applications for: <ul style="list-style-type: none"> • EBO – minority (MBE) and female owned (FBE) businesses • SBO – small business enterprise (SBE) (see Exhibit 5 for additional information about certification requirements)
Contract Monitoring	Tracks eligible contracts for minority subcontractor participation
Contract Mediation	Resolves payment and performance disputes between prime contractors and subcontractors
Diversity Compliance	Sets goals for diversity inclusion on eligible projects
Partnering with Local Agencies	Shares resources and opportunities with external agencies that perform similar functions

Source: Prepared by audit staff based on interviews with contract compliance staff.

CERTIFICATION REQUIREMENTS VARY FOR DIFFERENT DIVERSITY PROGRAMS

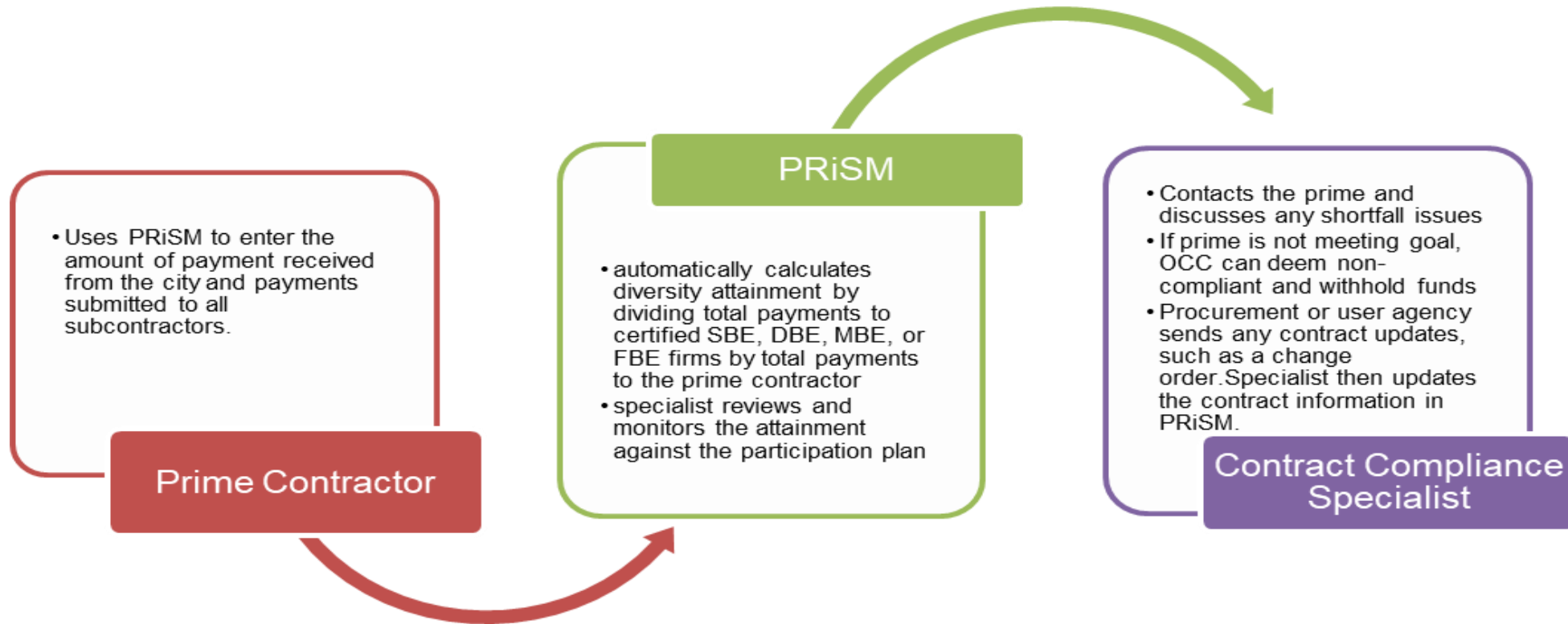
Exhibit 5: Diversity Programs Require Different Types of Certifications and Arrangements

Type of Business	Description	Certification Requirements
DBE	Disadvantaged business enterprise	For-profit small business concern - 1) that is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged or, in the case of a corporation, in which 51 percent of the stock is owned by one or more such individuals; and 2) whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it
ACDBE	Airport concession disadvantaged business enterprise	A concession that is a for-profit small business concern - 1) that is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged or, in the case of a corporation, in which 51 percent of the stock is owned by one or more such individuals; and 2) whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it

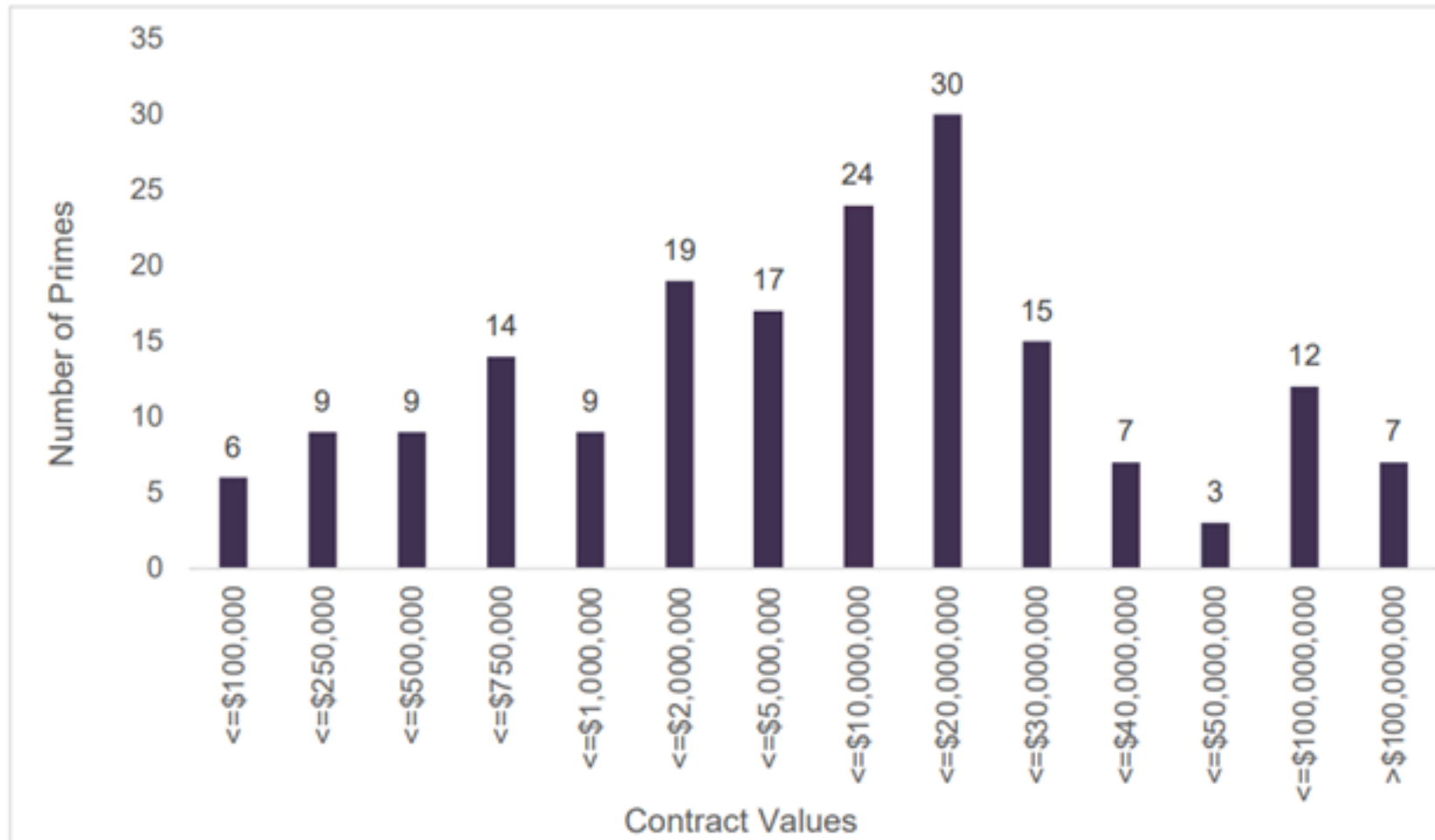
FBE	Female business enterprise	1) majority owner must be female; 2) must possess at least 51% of the business; 3) must share in the risk and profit commensurate with their ownership interests; 4) must be viable, independent and competent
MBE	Minority business enterprise	1) majority owner must be African American, Hispanic American, or Asian Pacific Islander American; 2) must possess at least 51% of the business; 3) must be viable, independent, and competent; 4) must share in the risk and profit commensurate with their ownership interests. <ul style="list-style-type: none"> • AABE – African American Business Enterprise • APABE – Asian Pacific American Business Enterprise • HABE – Hispanic American Business Enterprise
SBE	Small business enterprise	1) must be U.S. citizens who meet the eligibility requirements of management and control; 2) must also meet the Small Business Administration's (SBA) size standard for industry codes as published by the SBA (sba.gov) 3) Located in the surrounding twenty counties of the Atlanta region; 4) must be viable, independent, and competent
JV	Joint Venture	1) two or more businesses form a partnership for a finite period or specific project, where at least one of which is a certified Small, Minority, or Female Business Enterprise; 2) the parties in the JV share in the management, profits (and losses) and risks in accordance with the terms of their joint venture agreement or joint venture contract

Source: Prepared by audit staff based on city code and contract compliance information.

CONTRACT COMPLIANCE USES PRISM TO MONITOR CONTRACTS AND CERTIFICATIONS

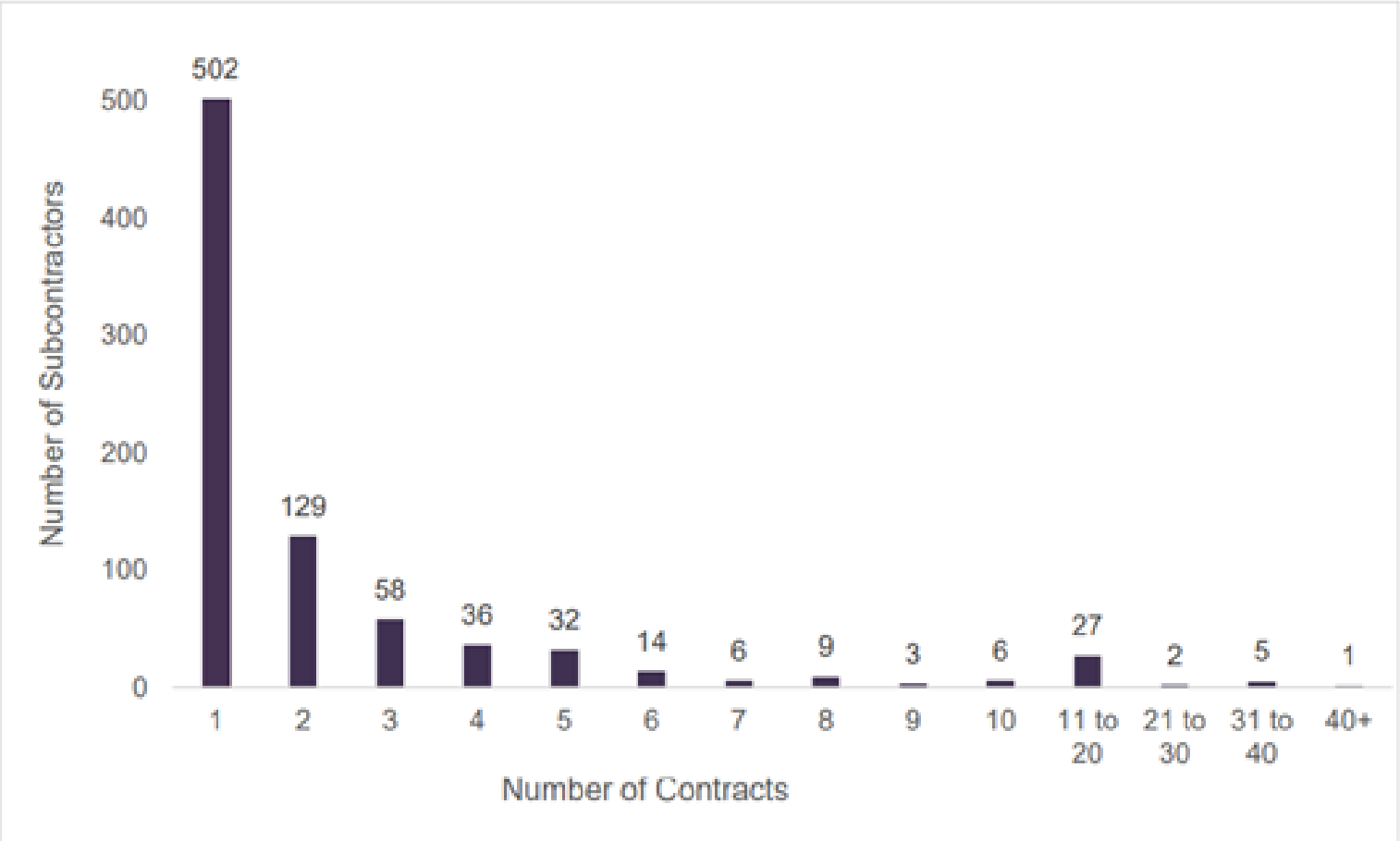


CONTRACT COMPLIANCE MONITORS OVER \$3 BILLION IN CONTRACTS WITH DIVERSITY PARTICIPATION



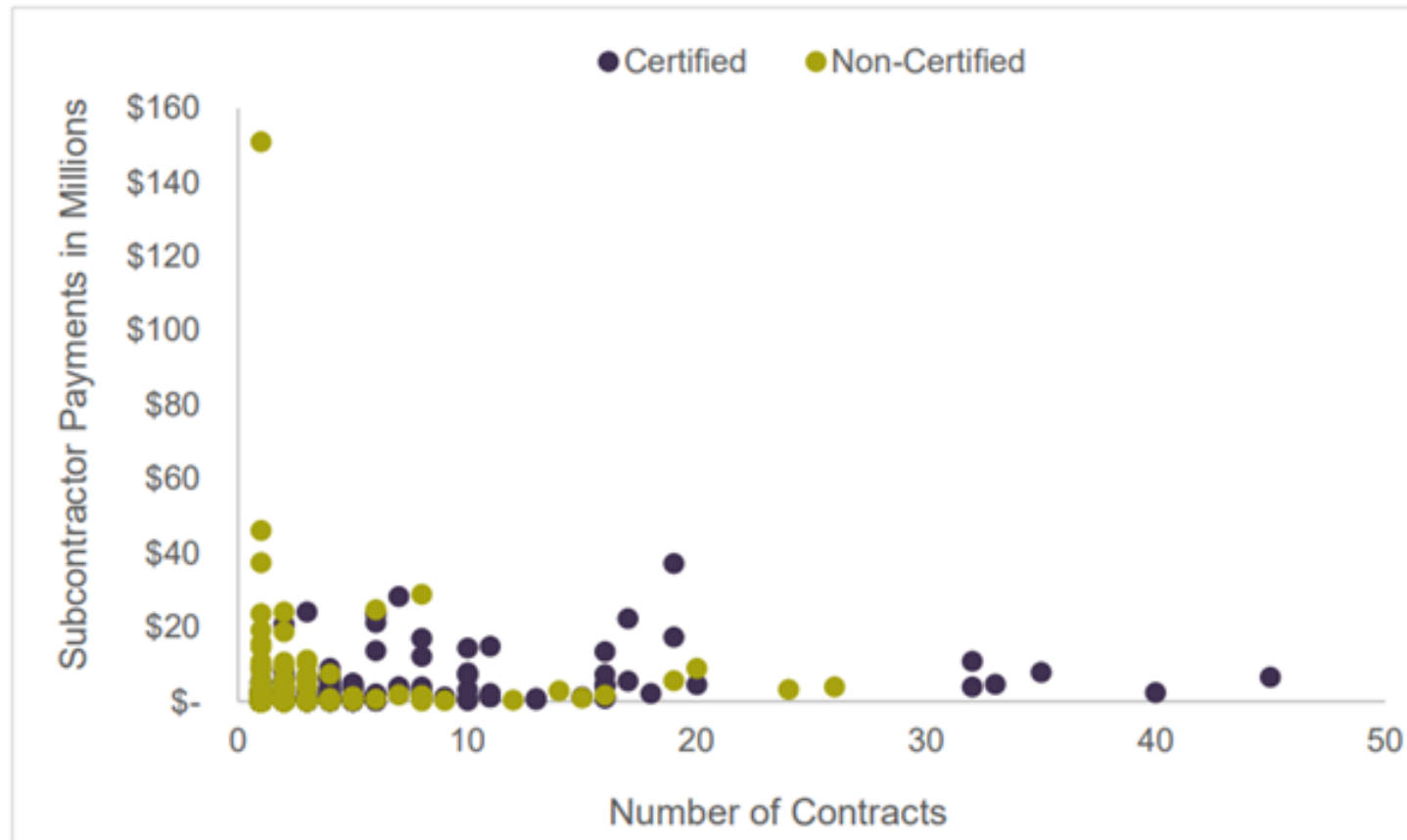
Source: Auditor analysis based on PRISM data as of November 2020.

MAJORITY OF SUBCONTRACTORS PARTICIPATED ON ONE CONTRACT



Source: Auditor analysis based on PRISM data for current active contracts between July 2016 to June 2020.

CITY PAID OVER \$1.4 BILLION TO SUBCONTRACTORS FROM JULY 2016 THROUGH JUNE 2020

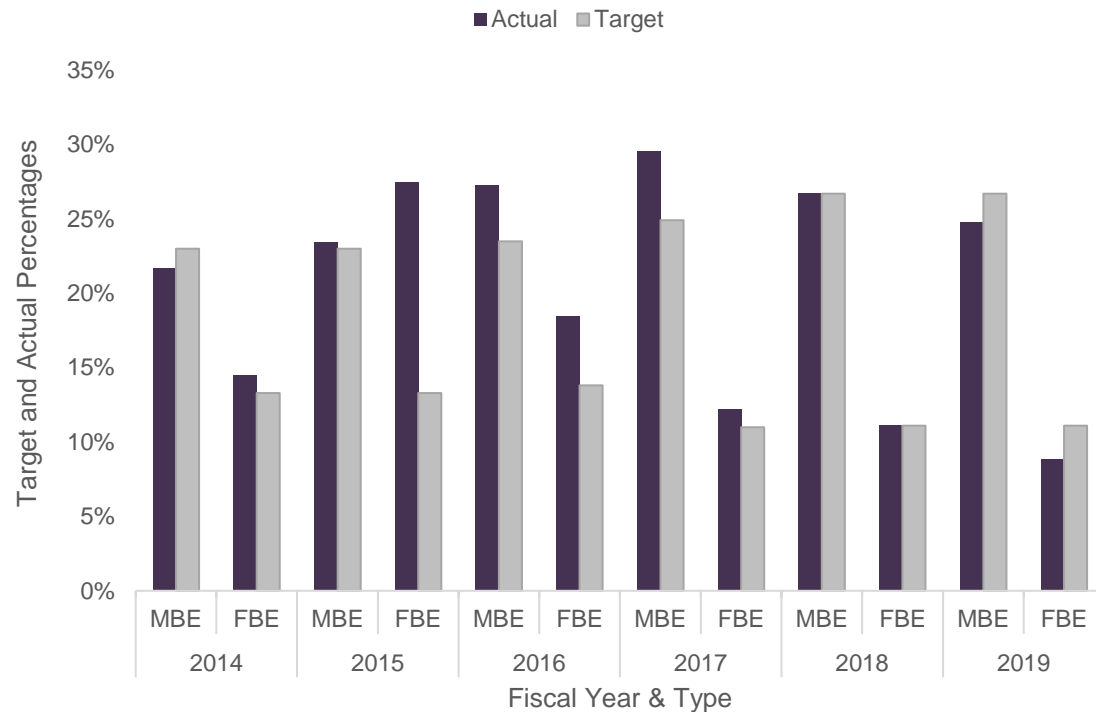


FINDINGS OVERVIEW

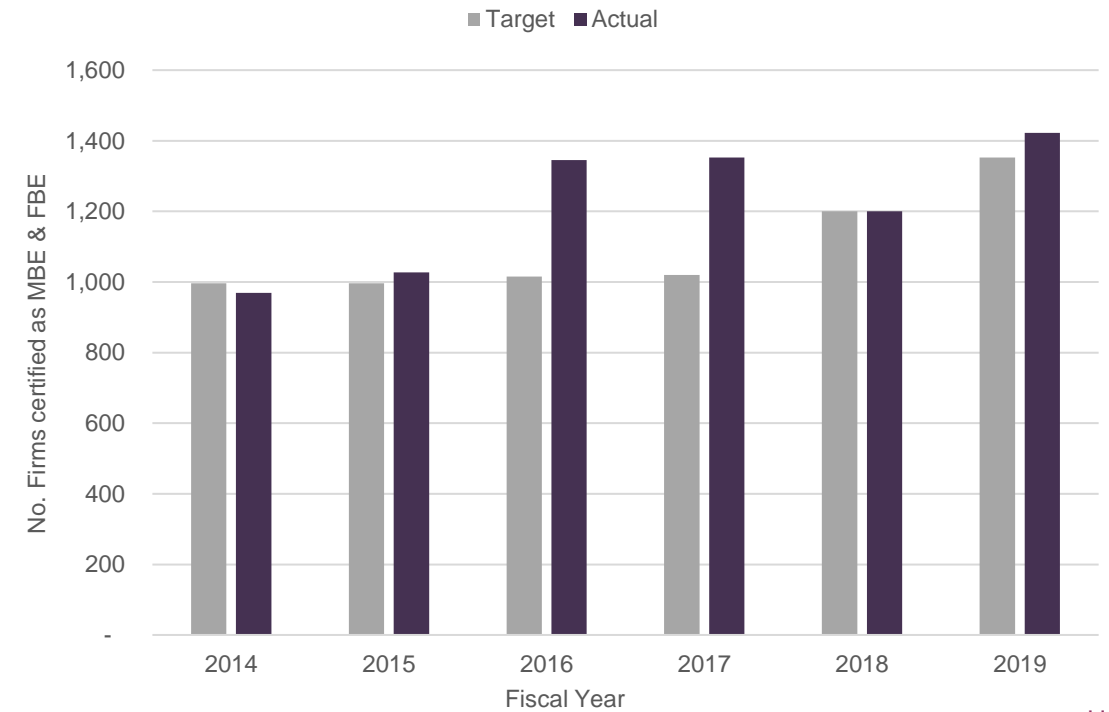
- City reports meeting most diversity and small business goals, but some data are inaccurate and incomplete
- Better resource management could improve data and monitoring
- OCC incorporates best practices for minority contracting

CITY MET MBE AND FBE PARTICIPATION AND CERTIFICATION GOALS FROM 2014 - 2019

City Met Its MBE and FBE Participation Goals for Four of Six Fiscal Years

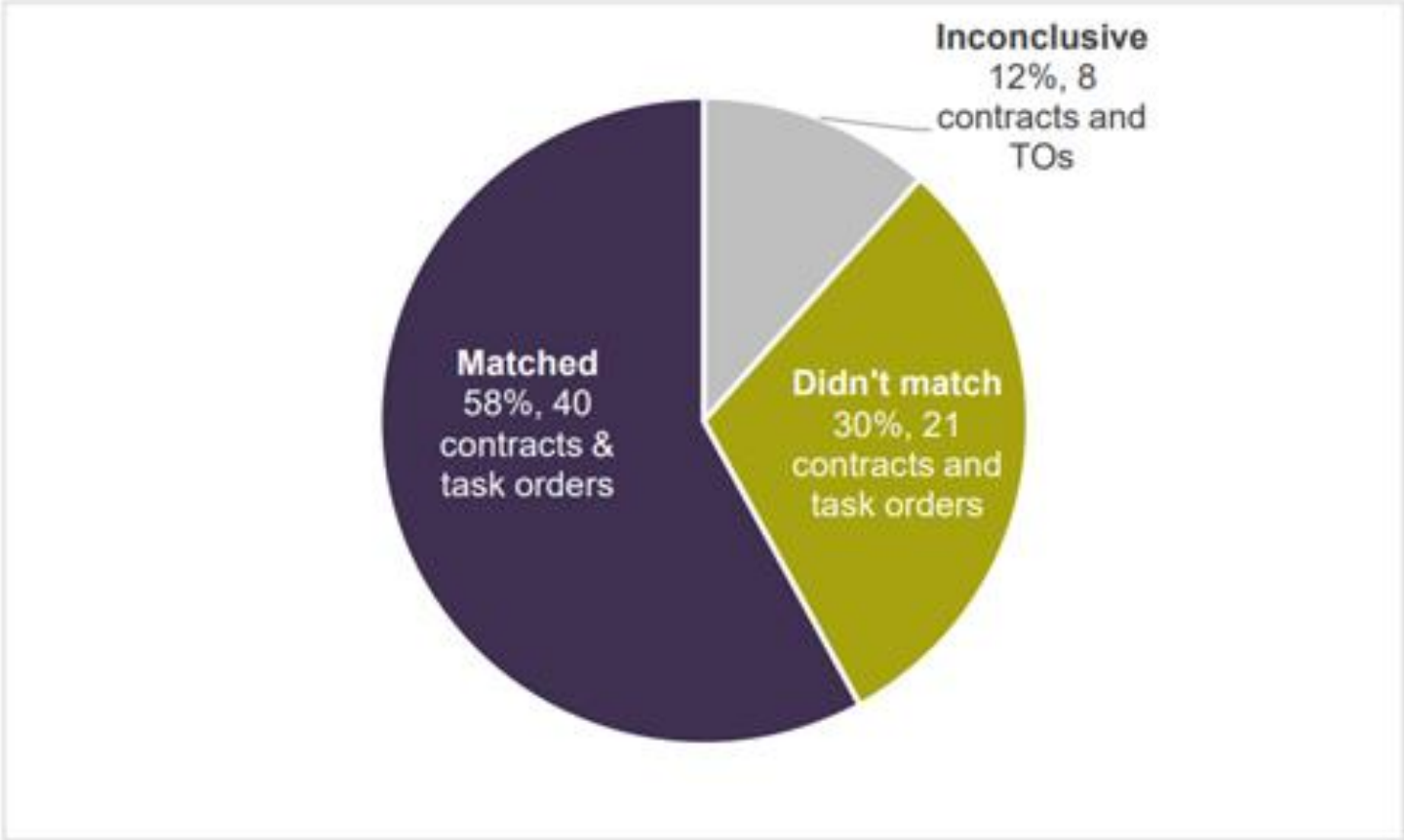


Contract Compliance Exceeded Certification Goals



Source: Auditor analysis based on reported achievement in the city's FY 2012-2021 budget

30% OF 69 SAMPLED CONTRACTS AND TASK ORDERS DID NOT MATCH PROCUREMENT'S FILES



Source: Auditor analysis based on PRISM and Procurement files for 69 sampled contracts and task orders.

CONTRACT COMPLIANCE OFFICE INCORPORATES BEST PRACTICES FOR MINORITY CONTRACTING

■ **Strengths**

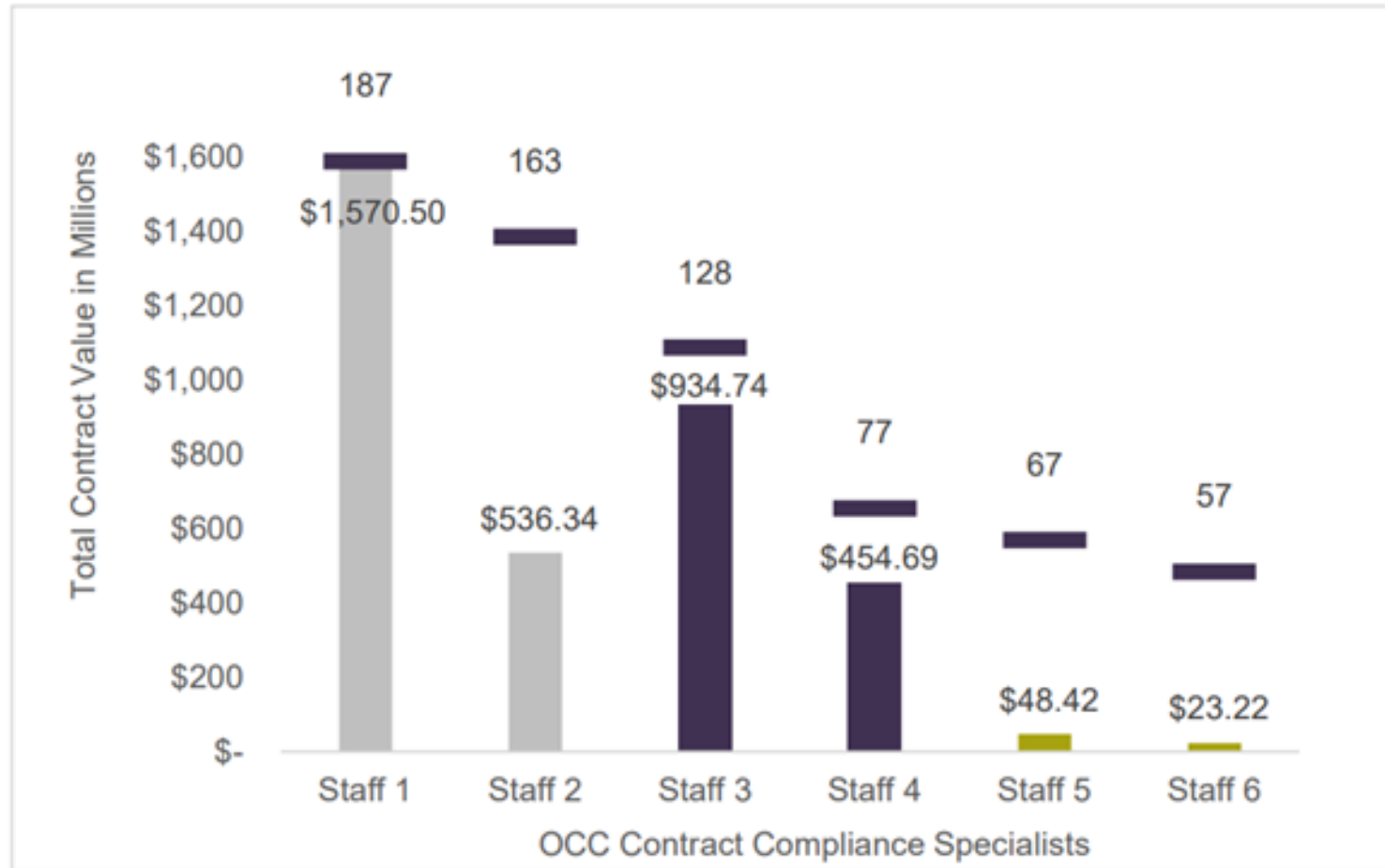
- Contract Compliance's policies and procedures support city code requirements
- Meets many best practices in minority contracting

■ **Areas for improvement**

- Mission and accomplishments not easily visible
 - Internal stakeholders reportedly unclear on OCC's purpose, criteria, processes, and program data
 - Does not provide regular updates to City Council
 - No annual reports on the website

BETTER RESOURCE MANAGEMENT COULD IMPROVE DATA AND MONITORING

Three Employees Monitored 70% of Workload



Source: Auditor analysis based on PRiSM data as of November 2020.

RECOMMENDATIONS

1. The contract compliance director should automate certification applications and work with the software vendor to track completed submission and decision dates in the contract monitoring software to comply with city code.
2. The contract compliance director should create reports for city council, report regularly to committees, and share Federal Aviation Administration reports and other documents, such as presentations on Contract Compliance's work and its role in the procurement process, on its website.
3. The contract compliance director and senior managers should store all contract- and task order-related documents in the office's contract monitoring software, including the original contracts and task orders, final subcontractor utilization plans, change orders, amendments, renewals, and subcontractor substitution and removal forms.

RECOMMENDATIONS

4. The contract compliance director should work with the contract monitoring software vendor to restrict access and periodically review usage reports.
5. The contract compliance director should document revenue allocations for each concessionaire or agency in the monitoring tool or software, including a history of changes.
6. The contract compliance director should implement a quality assurance review for concessionaire and contract information input.
7. The contract compliance director should work with AIM and the software vendor to integrate Oracle with contract monitoring software.

RECOMMENDATIONS

8. The contract compliance director should work with the Department of Aviation's finance director and the software vendor to automate concessionaire management.
9. The contract compliance director should work with the Department of Aviation's finance director to establish a process to update the offices' standard operating procedures for communicating concessionaire updates.
10. the contract compliance director work with the chief procurement officer to establish a process between contract compliance and the user departments to communicate updates and create a contract and task order repository, including original contracts and task orders, change orders, amendments, and renewals.

QUESTIONS?

FULL REPORT:

[HTTP://WWW.ATLAUDIT.ORG/AUDIT-REPORTS.HTML](http://www.atlaudit.org/audit-reports.html)