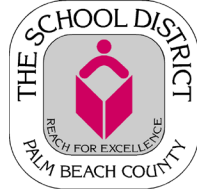


Audit of
Diversity in Business Practices and
Minority and Women Owned Business Enterprise (M/WBE) Program

June 18, 2020

Report #2020-09



MISSION STATEMENT

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Audit of
Diversity in Business Practices and
Minority and Women Owned Business Enterprise (M/WBE) Program
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Audit of
Diversity in Business Practices and
Minority and Women Owned Business Enterprise (M/WBE) Program
EXECUTIVE SUMMARY

Pursuant to the *Office of Inspector General's (OIG) 2018-19 Work Plan*, we have audited the Diversity in Business Practices and Minority and Women Owned Business Enterprise (M/WBE) Program for July 2016 through June 2019. The primary objectives of this audit were to determine the extent of compliance with *School Board Policies 6.142, 6.143, and 6.144* for M/WBE Certification, Participation, Diversity in Business Practices, and Commercial Nondiscrimination. This audit produced the following major conclusions:

1. M/WBE Certification/Re-Certification Process Properly Tracked

School Board Policy 6.143, Section 14, requires entities' business data be maintained to determine if they meet the requirements as M/WBE firms. Once a business is certified, the entity must apply for re-certification every three years. The Office of Diversity and Business Practices (ODBP) uses the B2GNow System to monitor contract compliance and manage certifications and recertification of Small Business Enterprise (SBE) and M/WBE firms. Our review concluded that the System adequately tracks firms' original applications and indicates when they should be re-certified.

Management's Response: Management concurs. (Please see page 21.)

2. Some Findings from the 2015 Disparity Study Not Corrected

The April 2015 Disparity Study Update Report, which was accepted by the School Board on January 11, 2017, included 15 findings and 12 recommendations. Our review concluded that six (50%) of the recommendations have been implemented, three (25%) partially implemented, and three (25%) not addressed as of March 23, 2020.

Management's Response: Management concurs. (Please see pages 21-22 for details.)

3. Lack of Centralized Vendor Registration System

The 2015 Miller³ Disparity Study found that the District lacked a centralized vendor registration system. ODBP utilized the B2GNow System for registering both small, minority, women business enterprise firms (SMWBE) and non-SMWBE firms, and the Purchasing Department utilized a separate system (BidSync) to advertise and notify prospective vendors of the District's bid solicitations. These two systems, however, did not communicate with each other. As a result, the Purchasing Department is not aware of the

available SMWBE firms, and the ODBP might not be aware of upcoming District's bid solicitations in a timely manner.

Management's Response: Management concurs. (Please see page 22 for details.)

4. SBE and M/WBE Firms Missed Out Opportunities to Compete

The review of 12 sample construction contracts found a \$1 million contract (#16C-023R) had an initial three years term from May 11, 2016 to May 18, 2019, with an option for two additional one-year renewals. No SBE or M/WBE firms were available at the time (May 2016) of the initial award of the contract. However, three SBE firms were available at the time of renewal in May 2019, but the contract was renewed without issuing a new Request for Proposal (RFP). As a result, the three eligible SBE firms were not provided with an opportunity to compete for the contract.

Management's Response: Management concurs. (Please see pages 22-23 for details.)

5. Insufficient Monitoring of Contracts with M/WBE Participation Goals

M/WBE participation goals are set by the ODBP and included in RFPs or ITBs. These goals are agreed to by prime vendors when responding to RFPs/ITBs and included in the executed contracts. The ODBP uses the B2GNow Contract Compliance Module to monitor vendor compliance with participation goals. A review of the 12 selected construction contracts found that:

- The ODBP had 10 SBE or M/WBE firms available for contract #17-77M (\$1,005,000 in value). However, the information was not provided to Construction Purchasing; and no participation goal was required for primary vendors for this contract.
- Contract #16C-016R (for \$100,000, with a 15% participation goal) was recorded in the B2GNow System, but was not updated after the initial recording in the system; and was not monitored for compliance.
- Contract #17-25R (for \$274,438, with a 12% participation goal) was not setup in B2GNow; therefore, this contract was not monitored for compliance.
- The contract terms and transactions for Contracts #17-011R and #17C-018R were not accurately recorded in B2GNow. As a result, these two contracts could not be monitored for full compliance with the M/WBE goals.

Management's Response: Management concurs. (Please see page 23 for details.)

6. Insufficient Documentation to Verify Participation Goal

The OIG reviewed 12 sample construction contracts and found that **Contract #17-40R** had a M/WBE participation goal of 13%, but only 10.65% was awarded to M/WBE subcontractors. Although the prime vendor provided a *Good Faith Effort Noncompliance Supplement (PBSD 1629)* form and copies of emails sent to subcontractors soliciting participation to show the reason for the non-compliance, there was no documentation from the ODBP to show that the department has verified and validated the efforts made by the prime vendor.

On the other hand, no independent verifications were performed by the ODBP to confirm that the prime vendors have met or exceeded the contracts' M/WBE participation goals as the vendors indicated in the Contract Compliance Module of the B2GNow System.

Management's Response: Management concurs. (Please see pages 23-24 for details.)

7. Insufficient Monitoring of General and Consultant Contracts

The District entered into 1,941 general and consultant contracts in Fiscal Year 2019 with a total value of \$405,922,232. **School Board Policy 6.143, Section 9(a), Diversity and Equitable Utilization in Business**, requires that the ODBP preview all solicitations for construction, procurement, and professional services prior to public dissemination. A review of 20 sample goods and services contracts found that:

- Five solicitations were not forwarded by the Purchasing Department to the ODBP for review. Therefore, available SBE or M/WBE firms were not notified of these solicitations.
- Four solicitations were forwarded to the ODBP for review by the Purchasing Department, which provided lists of certified SBE or M/WBE firms who were not selected for award. **School Board Policy 6.143, Section 4(e)**, requires the District to establish “a procedure for bid de-briefing for losing bidders on District contracts.” However, no debriefing was held by the ODBP with the SBE or M/WBE firms for these solicitations.
- The Purchasing Department indicated that the ODBP was contacted for two contracts (#19C-26A, and #19C-808K) to determine if certified vendors were available and that ODBP indicated there were none. As a result, no certified SBE and M/WBE firms were invited to bid for these two contracts. However, the ODBP staff indicated that no correspondence was received from Purchasing for contract #19C-26A, and that they provided Purchasing the names of two certified vendors for contract #19C-808K.

Management's Response: Management concurs. (Please see page 24 for details.)

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MEMORANDUM

TO: Honorable Chair and Members of the School Board
Donald E. Fennoy II, Ed. D., Superintendent
Chair and Members of the Audit Committee

FROM: Lung Chiu, CPA, Inspector General

DATE: June 18, 2020

SUBJECT: Audit of the Diversity in Business Practices and
Minority and Women Owned Business Enterprise (M/WBE) Program

PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General's (OIG) 2018-19 Work Plan*, we have audited the Diversity in Business Practices and Minority and Women Owned Business Enterprise (M/WBE) Program for July 2016 through June 2019. The primary objectives of this audit were to determine the extent of compliance with *School Board Policies 6.142, 6.143, and 6.144* for M/WBE Certification, Participation, Diversity in Business Practices, and Commercial Nondiscrimination.

SCOPE AND METHODOLOGY

This audit was performed in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit covered Fiscal Years 2017, 2018, and 2019, and included interviewing staff and reviewing:

- *School Board Policies:*
 - *6.14, Purchasing Department*
 - *6.142, Diversity in Business Practices*
 - *6.143, Diversity and Equitable Utilization in Business*
 - *6.144, Commercial Nondiscrimination*

- The Office of Diversity in Business Practices procedures manual, ***SBE and M/WBE Program Implementation by Industry***;
- Status of actions in response to the 2015 Disparity Study by Miller³ Consulting;
- M/WBE certification and graduation procedures;
- Sample M/WBE certification applications and supporting documentation;
- M/WBE bid announcement and award procedures;
- M/WBE contract monitoring procedures; and
- Sample purchasing contracts for proper compliance with bid award and contract terms;

Draft audit findings were sent to the Chief Operating Office and Chief Financial Office for review and comments. Management responses are included in the Appendix. We appreciate the courtesy and cooperation extended to us by District staff during the audit. The final draft report was presented to the Audit Committee at its June 18, 2020, meeting.

BACKGROUND

Development of the District’s Business Diversity Policy. ***School Board Policy 6.142(A)***, states,

“The School Board of Palm Beach County recognizes the social and economic benefits of diversity in its business practices and hereby reaffirms its commitment to ensuring full and equitable participation by minority-and-women-owned business enterprises (“MWBE”) in the procurement of goods and services forth a district school system.”

The following timeline shows the path to the adoption of the current ***School Board Policy 6.142*** for diversity in the District’s business practices.

**Table 1
Business Diversity Policy Event Timeline**

Date	School Board Actions
September 1993	Hired MGT of America to conduct Disparity Study.
April 5, 1995	Accepted MGT of America’s Disparity Study.
February 1996	Approved <i>Policy 6.146A</i> and <i>Procedures Manual 6.146B</i> prepared by the Department of Equity Assurance.
June 6, 2001	Sunset <i>Policy 6.146A</i> .
August 6, 2001	Adopted <i>Policy 6.142</i> directing the Superintendent to compile and analyze additional data as may be necessary to develop appropriate programs and procedures in furtherance of and equitable participation by M/WBEs.

Date	School Board Actions
August 2001	Established ODBP to monitor all contracts, bids, and professional services and promote increased use of M/WBEs in the District's procurement process.
December 12, 2001	Hired Washington & Rice, LLC to conduct a comprehensive review of the District's M/WBE program and procurement practices. Customized and installed the CHAMP software, a database and tracking system for use by the ODBP.
June 2004	Commissioned D.J. Miller & Associates, Inc. to conduct a Causation and Anecdotal Study (DJMA Study) to examine the District's procurement practices.
May 11, 2005	Adopted <i>Policy 6.143</i> .
July 26, 2006	Adopted revision to <i>Policy 6.143</i> .
December 20, 2013	Hired Miller ³ Consulting, Inc. to conduct Disparity Study Update.
April 29, 2015	The Miller ³ Disparity Study Update (Disparity Study Update) was completed and presented to the School Board.
January 11, 2017	Hired independent legal consultant, Franklin Lee, Esq., who advised the School Board to accept the 2015 Disparity Study Update for purposes of further policy deliberations. School Board accepted the 2015 Disparity Study Update.
March 30, 2017 & May 18, 2017	Hosted Meetings for External Stakeholder.
June 7, 2017	Independent legal consultant, Franklin Lee, Esq., presented proposed amendments to <i>Policy 6.143</i> to the School Board.
September 6, 2017	Adopted revision to <i>Policy 6.143</i> .

2015 Disparity Study Update. The M³ Consulting's 2015 Disparity Study Update sought to determine whether there was a compelling governmental interest to utilize race/gender-conscious remedies as established in the U.S. Supreme Court case, *Richmond v. Croson*. The study further responded to the ensuing need to establish a factual predicate consistent with the requirements of *Croson* that determines the foundation for narrow tailoring a program targeting M/WBEs and SBEs. In conducting the Disparity Study Update, which covered Fiscal Years 2009 through 2013, M³ Consulting collected and developed evidence regarding the nature and extent of discrimination against M/WBEs and SBEs, if any, and other experiences that created barriers to equitable participation with the District. The Disparity Study Update concluded that market area industry practices in construction, construction support services, professional services and commodities and services were discriminatory toward M/WBEs and that the School District had been a passive participant.

Update of ***Policy 6.143, Diversity and Equitable Utilization in Business***. On September 6, 2017, the School Board approved a revision of ***School Board Policy 6.143, Diversity and Equitable Utilization in Business***, to implement recommendations made by the Disparity Study Update. The current policy directs the ODBP to monitor all contracts, bids and professional services to promote increase use of SBEs and M/WBEs in the District's procurement process. The ODBP is responsible for monitoring the participation of SBEs and M/WBEs with the goals set by the District's Business Diversity Committee. The ODBP is also responsible for ensuring that SBE and M/WBE businesses are properly certified.

SBE and M/WBE Qualifications. ***School Board Policy 6.143, Sections 3.x. and 3.ai.***, and the District's ***SBE and M/WBE Program Implementation by Industry Procedures Manual*** define the criteria for certification and re-certification of M/WBE and SBE firms respectively:

M/WBE Certification Criteria:

- Have no more than 200 employees as permanent or full-time workers, manufacturing companies no more than 1,500 permanent or full-time workers, and wholesale companies no more than 500 permanent or full-time workers.
- Depending on the type of company the following limits shall apply for gross sales or revenue: Professional Services no more than \$2 million averaged over the last three years, Procurement Program no more than \$3 million averaged over the last three years, and construction services no more than \$7 million averaged over the last three years.
- The company must have a Small Business Administration (SBA) certification and be located in the State of Florida.
- Have minority and/or women owners that own at least 51% of the business, and exercise daily management and control of the business.
- The company must be domiciled in the Palm Beach, Broward, or Miami-Dade County areas.

SBE Certification Criteria:

- Have an average annual gross sales and an average number of full time employees over the last three years of no more that 50% of the small business size standards as most recently define by the U.S. Small Business Administration for the business firm's relevant industry.
- Must have received less than \$1,000,000 in contract payments from District projects or contracts in the preceding fiscal year prior to a bid award.
- The company must be domiciled in the Palm Beach, Broward, or Miami-Dade County areas.
- The company must have been established and operational for a period of at least one full year prior to application.

Table 2 shows purchase orders for general, consultant and construction contracts for Fiscal Years 2017 through 2019 by the number of contracts and number of vendors:

Table 2
of Purchasing Contracts
During Fiscal Years 2017, 2018, & 2019

Contract Type	Fiscal Years			Total
	2017	2018	2019	
General				
Amount	\$206,991,834 (86%)	\$337,186,803 (80%)	\$398,231,742 (77%)	\$942,410,379 (80%)
# of Contracts	1,450 (67%)	1,417 (68%)	1,334 (63%)	4,201 (66%)
# of Vendors	1,104 (75%)	1,087 (75%)	1,032 (69%)	3,223 (73%)
Construction				
Amount	\$25,184,628 (11%)	\$76,930,355 (18%)	\$110,160,258 (21%)	\$212,275,241 (18%)
# of Contracts	102 (5%)	106 (5%)	187 (9%)	395 (6%)
# of Vendors	62 (4%)	69 (5%)	132 (9%)	263 (6%)
Consultants				
Amount	\$7,721,079 (3%)	\$8,541,259 (2%)	7,690,490 (2%)	\$23,952,828 (2%)
# of Contracts	609 (28%)	573 (27%)	607 (28%)	1,789 (28%)
# of Vendors	303 (21%)	293 (20%)	324 (22%)	920 (21%)
Total				
Amount	\$239,897,541 (100%)	\$422,658,417 (100%)	\$516,082,490 (100%)	\$1,178,638,448 (100%)
# of Contracts	2,161 (100%)	2,096 (100%)	2,128 (100%)	6,385 (100%)
# of Vendors	1,469 (100%)	1,449 (100%)	1,488 (100%)	4,406 (100%)

Source: Purchasing Department

CONCLUSIONS

The audit produced the following major conclusions.

1. M/WBE Certification/Re-Certification Process Properly Tracked by the System

School Board Policy 6.143, Section 14, requires entities' business data be maintained to determine if they meet the requirements as M/WBE firms:

“Participation in the SBE or M/WBE program will be dependent upon the firm’s need for the preferences extended under this Policy. Data should be maintained to determine which firms have overcome size barriers and barriers related to the effects of discrimination sufficiently to join the competitive mainstream in their respective industries. Firms that exceed the District’s SBE and M/WBE size standards or which are otherwise graduated from the SBA or M/WBE programs shall remain eligible for certification, technical assistance, and other forms of assistance not related to bid preferences or evaluation preference. Moreover, the utilization of graduated M/WBE firms shall continue to be tracked and counted towards attainment of the District’s Annual M/WBE participation goals. However, these firms may not participate in any of the race-or gender-conscious preferences of this Policy.”

Monitoring of M/WBE and SBE Certification and Re-Certification Appeared Adequate. Once a business is certified, it must apply for re-certification every three years. The ODBP uses the B2GNow software to monitor contract compliance and manage certifications and recertification of SBE and M/WBE firms. B2GNow is a web-based software tool organizations use to manage their diversity programs. The ODBP uses three B2GNow software modules to monitor contract compliance and manage certifications:

- The *Certification Management Module* is used for the online application and certification processing for SBE and M/WBE firms.
- The *Contract Compliance Module* is used to track construction and capital expenditures to prime contractors and determine if prime contractors are in compliance with contract terms in paying SBE and M/WBE sub-contractors.
- The *Vendor Management Module* is used to allow all vendors regardless of SBE or M/WBE status to register online with the ODBP in order to be notified of District purchase opportunities.

Our review concluded that the system adequately tracks firms’ original applications and indicates when they should be re-certified.

Table 3 shows the M/WBE certification applications processed during Fiscal Years 2017, 2018, and 2019.

Table 3
M/WBE Applications Processed

Fiscal Year	# of Applications	# Approved	# Denied
New Applications			
2016-17	44	44	-
2017-18	31	31	-
2018-19	42	39	3
Re-certifications			
2016-17	49	49	-
2017-18	27	27	-
2018-19	41	40	1

Source: B2GNow System

Moreover, the OIG randomly selected 25 M/WBE and SBE firms for review of the records for certification or re-certification. No significant non-compliance issues were found with the certification or re-certification processes.

Management’s Response: *Management concurs. (Please see page 21.)*

2. Some Findings from the 2015 Disparity Study Not Corrected

The School Board accepted the 2015 Miller³ Disparity Study Update on January 11, 2017, and incorporated its recommendations into *School Board Policy 6.143, Diversity and Equitable Utilization in Business* on September 6, 2017. The Miller³ Disparity Study Update included 15 findings and 12 recommendations. Table 4 shows the findings in the District’s procurement system. Our review concluded that six (50%) recommendations have been implemented, three (25%) partially implemented, and three (25%) not addressed as of March 23, 2020.

Table 4
April 2015 Disparity Study Update Report
Status of Findings/Recommendations
As of March 23, 2020

Miller ³ Findings <i>(See Exhibit 1 on pages 16-20 for Descriptions of the Findings)</i>	Status as of March 23, 2020		
	Corrected	Partially Corrected	Not Corrected
1. Lack of Central Vendor Registry		X	
2. Lack of Integration of SMWBE Processes		X	
3. Unofficial Procurement Forecasting	X		
4. Limited Publication of Informal Purchase Opportunities			X
5. Unclear Use of Rotating List, Blanket Purchase Orders, and Term Contracts with Multiple Vendors			X
6. Construction Manager at Risk Subcontractor Requirements	X		
7. Exclusivity on Direct Purchases of Construction-Related Materials	<i>Further Analysis Required No Recommendation Made</i>		
8. Lack of Enforcement of Board Policy 6.143 :			
a) Lack of Internal/External Matchmaking	X		
b) Certification	X		
c) Non-Implementation of Technical Assistance Requirements under Policy 6.143, Section 4.d-h	X		
d) Inconsistent and Unclear Use of SBE Set-Asides	<i>Not Applicable The District does not use SBE Set-Asides</i>		
e) Inconsistent Implementation of Goals		X	
f) Limited Enforcement of CM Goals	X		
g) Non-Enforcement of Contract Compliance Criteria	<i>Next Disparity Study not recommended until April 2020</i>		
h) Non-Enforcement of Organizational Performance Criteria			X
	6 (50%)	3 (25%)	3 (25%)

Sources: Auditor’s observations, Office of Diversity and Business Practices, and Purchasing Department.

Recommendation

The ODBP should work with the Purchasing Department and other departments to ensure all areas of concern included in the Disparity Study Update are fully corrected.

Management's Response: Management concurs.

Dicky Sykes was hired as the Director of the Office of Diversity in Business Practices (ODBP) in August 2017. In 2018 and 2019, Ms. Sykes hired six new team members, correcting the severely understaffed situation of the department. Of the 12 recommendations provided by the 2015 Disparity Study, the progress that has been made was achieved under Ms. Sykes leadership and her team, and they continue to work on the remainder of the recommendations that are in progress or still to be implemented.

In her short tenure, Ms. Sykes has ramped up SBE and MWBE certifications by eliminating certification fees and creating reciprocal certification agreements with local government entities. Outreach efforts have been greatly expanded. There is generally at least one outreach event each month, apprising SBE and MWBE of opportunities to work for the District and how to do business with the District. There are meet and greet events, designed to connect prime and SBE/MWBE vendors. Small Business University is provided to SBE and MWBE vendors to train them in all skills needed to run and expand their business and help them succeed. All ODBP efforts are aimed toward creating more capacity and opportunity for SBE and MWBE firms.

To help achieve the goal of further SBE/MWBE participation, the Purchasing Department has provided ODBP access to the Purchasing Department's Master Tracking Sheet which provides a list of awarded contracts, renewal dates, and new solicitations that will be advertised. Access to this real time document allows ODBP to view future bidding opportunities for District Term Contracts, RFPs, and ITNs. Having this information allows ODBP to better prepare outreach opportunities to cultivate ready, willing and able SBE and MWBE firms to participate in upcoming bidding opportunities.

(Please see pages 21-22.)

3. Lack of Centralized Vendor Registration System

The 2015 Miller³ Disparity Study found that the District lacked a centralized vendor registration system for small, minority, women business enterprise firms (SMWBE) and non-SMWBE firms. Potential benefits for this system include: (1) providing accurate calculation of SMWBE goals, (2) enabling the District to conduct availability, utilization, and disparity analysis, and (3) providing vendors with a mechanism to show interest in informal purchase opportunities.

ODBP utilized the B2GNow System for registering both small, minority, women business enterprise firms (SMWBE) and non-SMWBE firms, and the Purchasing Department utilized a separate system (BidSync) to advertise and notify prospective vendors of the District's bid solicitations. However, these two systems did not communicate with each other. As a result, the Purchasing Department is not aware of the available SMWBE firms, and the ODBP is not aware of upcoming District's bid solicitations in a timely manner.

Recommendation

The ODBP should coordinate with the Purchasing Department in order to obtain a single vendor registration system to be used to register and communicate bid opportunities to all vendors.

Management's Response: *Management concurs.*

Working together, ODBP, Purchasing and ERP conducted an extensive investigation into BidSync and B2G, to determine if either company can provide functionality that meets the needs of both departments and allow the District to move to one system. While B2G meets the needs of ODBP and BidSync the needs of Purchasing, neither system meets the needs of both departments as a single system. Therefore, the District will continue to use BidSync for Purchasing requirements and B2G for ODBP requirements, and procedures have been put into place that better sync information in the two systems, improving functionality.

To ensure that no MWBE/SBE vendor is left out of the bidding process, the Office of Diversity in Business Practices will send the Purchasing Department all vendors who certify as an MWBE/SBE vendor with the District on a monthly basis and the Purchasing Department will input that information into BidSync. By being registered in BidSync, MWBE/SBE firms will be notified of upcoming bid opportunities. Notification however will be dependent on the vendor maintaining correct contact information in the BidSync system once they have been registered.

The ODBP has added a link to BidSync on the ODBP website that enables vendors registering as MWBE/SBE vendors to also register with BidSync at that time. To date, ODBP has provided Purchasing a list of 928 vendors that are in B2G's database. While many of these vendors were already registered with BidSync, the Purchasing Department identified vendors not registered, and loaded those vendors into BidSync.

(Please see page 22.)

4. SBE and M/WBE Firms Missed Out Opportunities to Compete

The review of 12 sample construction contracts found one contract (#16C-023R, value \$1,000,000) in which available SBE or M/WBE firms missed out an opportunity to compete. The contract's initial term was for three years from May 11, 2016 to May 18, 2019, with an option for two additional one-year renewals. At the time of the initial contract in May 2016, there were no SBE firms available; however, at the time of the first renewal period on May 19, 2019, there were three available SBE firms but a new Request for Proposal (RFP) was not issued. As a result, the three eligible SBE firms were not provided with an opportunity to compete for the contract.

On April 17, 2019, the Purchasing Department cited reasons for renewing the contract with the existing firm: (1) the length of time required to solicit a new RFP, (2) the need to have vendors in place at the start of hurricane season, and (3) the satisfactory performance of the current vendor for recommending the renewal to the School Board. The Purchasing Department had requested and received the current vendor's written intent to renew the contract for an additional year on January 25, 2019.

Recommendation

The District should determine if it should solicit new RFPs when there are available SBE or M/WBE vendors. These procedures should be clearly outlined in writing.

Management's Response: *Management concurs.*

The continuous updating of SMWBE vendors in the BidSync database will improve notification of upcoming bid opportunities. With regard to bid renewals and new solicitations, Purchasing provides ODBP the following information.

- *For new solicitations, a complete bid package is provided to the ODBP for their review. The ODBP provides to the Purchasing Department the names of any SDPBC registered MWBE/SBE vendors registered for the commodity being solicited. The Purchasing Department verifies the vendors are registered in BidSync and sends an email to the vendor advising them that a new solicitation is being advertised on BidSync. When award has been made, the Purchasing Department provides ODBP a copy of reports that reflect:*
 - *Vendors who were invited to respond to the solicitation*
 - *Vendors who submitted a response to the solicitation*
 - *The Award tabulation that indicates the awarded vendors and denotes which vendors are SBE and/or MWBE*
- *For renewals, the ODBP refers to the Purchasing Department's Master Bid Tracking Sheet to conduct a yearly forecast and provides the Purchasing Department the names of vendors registered with the SDPBC as an SBE for each of the upcoming renewals.*
- *Purchasing reviews and contacts the vendors to determine if they would be able to meet the requirements of the solicitation.*
- *Purchasing makes a business decision on whether to renew the current solicitation or issue a new solicitation and notifies the ODBP of that decision.*

The Office of Diversity in Business Practices utilizes the information provided to them by the Purchasing Department to contact District certified SMWBE businesses to encourage them to bid, or sets up meet and greets with Purchasing Staff, and prime vendors, to secure work as a subcontractor.

(Please see pages 22-23.)

5. Insufficient Monitoring of Contracts with M/WBE Participation Goals

M/WBE participation goals are set by the ODBP and included in RFPs or ITBs. These goals are agreed to by prime vendors when responding to RFPs/ITBs and included in the executed contracts. The ODBP uses the B2GNow Contract Compliance Module to monitor vendor compliance with participation goals. A review of the 12 construction contracts found:

- The ODBP had 10 available SBE or M/WBE firms for contract #17-77M (\$1,005,000 in value). However, ODBP did not provide this information to Construction Purchasing; and, no participation goal was required by the primary vendor for this contract.
- Contract #16C-016R (for \$100,000, with a 15% participation goal) was setup in the B2GNow System, but was not updated after the initial setup; and was not monitored by the ODBP for compliance.
- Contract #17-25R (for \$274,438, with a 12% participation goal) was not setup in B2GNow; therefore, it was not monitored for compliance.
- Two contracts (#17-011R and #17C-018R) were not included in B2GNow correctly for compliance monitoring. Contract #17-011R has two phases with different participation goals for each phase. However, only one participation goal was entered into B2GNow. Contract #17C-018R has several renewal contract numbers in B2GNow, and the transactions are incorrectly reported under contract #17C-018R.A rather than #17C-018R. As a result, these two contracts were not monitored for full compliance with the M/WBE goals.

Recommendation

The ODBP should ensure that Construction Purchasing is promptly notified of all certified firms available for RFPs and that all contracts with SBE or M/WBE participation goals are (1) correctly setup in the B2GNow system, (2) timely updated with PeopleSoft payment data, and (3) closely monitored for compliance with each participation goal.

Management's Response: Management concurs.

B2G went live in 2016. ODBP experienced some growing pains with system integration and data input, which have been resolved. All contract data, both prime and subcontractor payments, must be in the system for ODBP to monitor effectively. An automated process has been established that sends Prime contract data from PeopleSoft to B2G. ODBP has set-up a process for B2G to send confirmation when contracts are received. ODBP conducts regular meetings with all stakeholders to ensure all required data is in the system and being properly monitored for compliance.

(Please see page 23.)

6. Insufficient Documentation to Verify Participation Goal

The OIG reviewed 12 sample construction contracts and found that the prime vendor for *Contract #17-40R*, with a value of \$667,917 and a participation goal of 13%, paid 10.65% of the contract value to MWBE subcontractors. Although the prime vendor provided a *Good Faith Effort Noncompliance Supplement (PBSD 1629)* form and copies of emails sent to the subcontractors soliciting participation to show the reason for the non-compliance, there was no documentation from the ODBP to show that the department has verified and validated the efforts made by the prime vendor.

Moreover, for the prime vendors who indicated that they had met, or exceeded participation goals for their contracts, the ODBP did not perform independent verifications to validate that the M/WBE participation goals have been met. Instead, the prime vendors enter the dollar amounts paid to the subcontractors into the B2GNow System, and the subcontractors would subsequently log-in to the system to confirm that the amounts they received did agree with the amounts entered into the system by the prime vendors.

Recommendation

The *SBE and M/WBE Program Implementation by Industry Procedures Manual, Section 3.d. Monitoring and Reporting*, requires ODBP to monitor and maintain records to show verification of good faith efforts and results achieved to maximize equitable M/WBE participation. When *Good Faith Effort Noncompliance Supplement* forms are needed, the ODBP should have sufficient documentation that the efforts made by the prime vendors are verified and validated.

Moreover, the ODBP should require prime vendors and subcontractor to upload additional documentation into the B2GNow system, such as the prime vendors' canceled checks and the subcontractors' invoices. ODBP should review this information periodically to ensure payments were made and services were performed accordingly.

Management's Response: *Management concurs.*

Subcontractor participation of 10.65% versus 13% showed in the system because IBIS did not update their subcontractor payment to JLS Security Plus in B2G. ODBP has enough staff now to monitor all audits generated each month, to ensure goal deficiencies are managed appropriately. B2G automatically sends an email to subcontractors when Prime payments are entered into the system. Each subcontractor is required to respond to the email. If the payments is incorrect or the subcontractor does not respond to the email, the system generates an audit for the payment.

Since July 2019, ODBP began randomly selecting primes to provide canceled checks and other forms of payment documentation, but it is not a reasonable expectation for ODBP to collect canceled checks for every subcontractor, on every project. Prime vendors upload proof of payments through the B2G system and ODBP staff reviews those proofs to ensure payments are made and services are performed accordingly.

(Please see pages 23-24.)

7. Insufficient Monitoring of General and Consultant Contracts

The District entered into 1,941 general and consultant contracts in Fiscal Year 2019 with a total value of \$405,922,232. *School Board Policy 6.143, Section 9(a), Diversity and Equitable Utilization in Business*, requires that the ODBP preview all solicitations for construction, procurement, and professional services prior to public dissemination. A review of 20 sample goods and services contracts found that:

- Five solicitations were not forwarded by the Purchasing Department to the ODBP for review. Therefore, any available SBE or M/WBE firms were not notified of these solicitations.
- Four solicitations were forwarded by the Purchasing Department to the ODBP for review, which provided lists of certified SBE or M/WBE firms who were not selected for award. *School Board Policy 6.143, Section 4(e)*, requires the District to establish “a procedure for bid de-briefing for losing bidders on District contracts.” However, no debriefing was held by the ODBP with the SBE or M/WBE firms for these solicitations.
- The Purchasing Department indicated that the ODBP was contacted for two contracts (#19C-26A, and #19C-808K) to determine if certified vendors were available and there were none. As a result, no certified SBE and M/WBE firms were invited to bid for these two contracts. However, the ODBP staff indicated that no correspondence was received from Purchasing for contract #19C-26A, and that they provided Purchasing the names of two certified vendors for contract #19C-808K.

Table 5 shows the 20 sample general and consultant contracts we reviewed during this audit.

Table 5
General & Consultant Contracts Reviewed

Contract #	Contract Type	Contract Amount	Purchasing Notified ODBP	SMWBE Available	SMWBE Selected	Debriefing Held
<i>ODBP Was Not Notified of Contracts</i>						
1911-068A	General	\$80,000	No	N/A	N/A	N/A
19C-26A	General	1,200,000	No	N/A	N/A	N/A
19C-803T	General	4,849,912	No	N/A	N/A	N/A
BP9046 19	Consultant	8,000	No	N/A	N/A	N/A
BP9143 19	Consultant	25,000	No	N/A	N/A	N/A
	<i>Sub Total</i>	<i>\$6,162,912 (47%)</i>				
<i>SMWBE Firms Available, But Not Selected</i>						
19C-13W	General	2,450,000	Yes	Yes	No	No
19C-15T	General	405,000	Yes	Yes	No	No
19C-25N	General	1,800,000	Yes	Yes	No	No
19C-808K	General	300,000	Yes	Yes	No	No
	<i>Sub Total</i>	<i>\$4,955,000 (37%)</i>				

Contract #	Contract Type	Contract Amount	Purchasing Notified ODBP	SMWBE Available	SMWBE Selected	Debriefing Held
<i>No SMWBE Firms Available</i>						
19C-019B	General	360,000	Yes	No	N/A	N/A
19C-23A	General	245,000	Yes	No	N/A	N/A
19C-28J	General	68,074	Yes	No	N/A	N/A
19C-47B	Consultant	295,750	Yes	No	N/A	N/A
19C-810L	General	100,000	Yes	No	N/A	N/A
19C-815L	General	54,000	Yes	No	N/A	N/A
19C-815L	General	51,000	Yes	No	N/A	N/A
19C-816A	General	250,000	Yes	No	N/A	N/A
	<i>Sub Total</i>	<i>\$1,423,824 (11%)</i>				
<i>SMWBE Firms Available and Selected</i>						
19C-19B	General	300,000	Yes	Yes	Yes	N/A
19C-20K	General	125,000	Yes	Yes	Yes	N/A
19C-55J	General	250,000	Yes	Yes	Yes	N/A
	<i>Sub Total</i>	<i>\$675,000 (5%)</i>				
	<i>Grand Total</i>	<i>\$13,216,736 (100%)</i>				

Sources: PeopleSoft System and ODBP Documentation

Recommendation

In accordance with ***School Board Policy 6.143, Diversity and Equitable Utilization in Business,***

- All solicitations whether competitive or non-competitive should be forwarded to the ODBP for review prior to public dissemination for compliance with the objectives of the policy.
- The ODBP should conduct de-briefing meetings with certified firms that lose bids and that do not respond to solicitations.
- The ODBP should review the active contracts in PeopleSoft periodically to determine that it received proper notification of all solicitations from the Purchasing Department.

Management's Response: Management concurs that all competitive solicitations should be reviewed by ODBP prior to release; however, requiring non-competitive awards be reviewed by ODBP conflicts with Board Policy 6.14(5)c(ii) Competitive Solicitation Waived or Not Required. The policy enumerates instances where non-competitive award is necessary are allowable.

Management concurs with the recommendation to conduct bid debriefs and has taken action to correct. To comply with Policy 6.143(4)(e), the ODBP has established a bid debrief process for non-awarded SBE and MWBE bidders. To request a bid debrief, vendors can go

to the Office of Diversity in Business Practices website to complete a form for construction on goods and services. The Office has facilitated several bid debriefs since development of this format. The bid debrief and Customized Vendor Meet and Greet requisition forms were uploaded to ODBP's website February 2019.

Management concurs with the recommendation that ODBP should review PeopleSoft active contracts for the purpose of ensuring SBE vendors are included in all applicable solicitations. The ODBP now receives notification of upcoming solicitations from Purchasing's Master Tracking Sheet. The Office of Diversity in Business Practices also compares active contracts in PeopleSoft against active contracts in B2G, for the purpose of ensuring B2G data is correct, for contract compliance purposes.

(Please see page 24.)

– End of Report –

Exhibit 1
Excerpt of Executive Summary of Miller³ Disparity Study Update Report

Executive Summary

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Disparity Study Update
Final Report
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Procurement Analysis

In reviewing SDPBC procurement system, M³ Consulting performed a two-pronged analysis: (1) a review of SDPBC procurement policies, procedures, and practices (including current activities extended to SMWBEs seeking to do business with SDPBC), and (2) a review of the impact of SDPBC's procurement structure and procurement policies, procedures and practices on the ability of SMWBEs to do business with SDPBC.

Based on the foregoing discussion and findings, there are a number of Purchasing and SMWBE policies, procedures and practices that impact the ability of SMWBEs to participate in SDPBC's procurement and contracting opportunities. These include the following:

1. **Lack of A Vendor Registry.** Board Policy 6.143, Section 4.c requires SDPBC to develop a centralized bidder registration system. This registration system is to apply to both SMWBEs and non-SMWBEs. SDPBC currently does not have a comprehensive vendor registry. While vendors who want to bid on SDPBC's formal opportunities must register in DemandStar, SDPBC's procurement process does not support the utilization of DemandStar for this purpose. The lack of a vendor registry has several impacts on SDPBC's procurement process and SMWBE program operations:
 - a) SDPBC cannot accurately calculate SMWBE goals. Using a simple formula of Number of Certified SMWBEs/Total Number of Firms in a particular commodity code, SDPBC cannot calculate the project goal, because it does not have a comprehensive number of firms for the denominator.
 - b) SDPBC cannot conduct availability, utilization and disparity analysis as required by Board Policy 6.143, Section 6.
 - c) Vendors do not have a mechanism for showing their interest in informal purchases below \$50,000. Purchasing agents do not use DemandStar consistently to identify available firms to bid on informal purchase opportunities because the DemandStar Vendor Registry is incomplete and insufficient for their purposes. When combined with limited advertisement of these small purchases on DemandStar, SMWBEs cannot effectively

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access SDBPC small purchase opportunities. As such, SMWBE participation in opportunities where they have the capacity to perform is impaired and not maximized.

2. **Lack of Integration of SMWBE Processes.** Currently, ODBP is responsible for executing all program elements and processes of School Board Policies 6.143 and 6.144. Purchasing, Program Management and Finance take limited responsibility for any Business Diversity processes. Because ODBP has very limited staff, several Board Policy requirements are either partially or not implemented at all. As budget and staff reductions continue, and ODBP obtains more responsibility with the new LBE program, it is likely that its effectiveness will be even further diminished. Without support from Purchasing, Program Management and Finance on issues such as on-site audits and payroll reviews—areas that are a natural extension of current functions—the SMWBE and LBE programs may not be able to produce the desired outcome of reducing statistical disparities.
3. **Unofficial Procurement Forecasting.** SDBPC does not conduct official yearly procurement forecast, such that SDPBC and Vendors can anticipate the District's procurement needs for the year. (Consistent with State law and industry expectations, Capital Improvement Programs are developed on five, ten and twenty year terms.) Lack of forecasting limits ODBP's ability to conduct targeted outreach and matchmaking. It also limits vendors' ability to develop effective marketing strategies and create potential teaming arrangements on SDPBC opportunities.
4. **Limited Publication of Informal Purchase Opportunities.** As discussed above in Observation 1., Lack of Vendor Registry, given its significance to small firms' ability to bid on these small dollar purchases, we repeat this observation separately. While DemandStar provides the option to advertise and bid quotes, as well as ITBs and RFPs, SDPBC does not utilize this function for quotes with any consistency.
5. **Unclear Use of Rotating List, Blanket Purchase Orders (BPOs) and Term Contracts With Multiple Vendors.** SDPBC has not developed a clear protocol for the utilization of these procurement tools. While the procurement process for BPOs and Term Contracts appears clear, actual post-award execution is not. The following types of issues are not fully outlined and established:

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- a) How does the rotating list operate on BPOs and Term Contracts?
- b) Under what circumstances is the rotating list utilized?
- c) How does Purchasing determine the number of firms that will be selected under BPOs and Term Contracts?
- d) How does Purchasing determine commodity codes that will be covered and when multiple vendors on multi-year contracts are needed?
- e) How does the District determine that competition is not being unduly limited using these multiple vendor/multi-year contracts?
- f) Is there a yearly purchase amount utilized to determine when a contract should simply be let through a quote versus when an entire commodity category should be procured through a multi-vendor, multi-year contract?

Given that SDPBC does not anticipate any new school or other large construction projects in the near future, these procurement vehicles may have a significant impact on the ability of construction contractors to do business with SDPBC on small to mid-size maintenance and repair contracts.

- 6. **Construction Manager at Risk Subcontractor Requirements.** Board Policy 6.143, Section 4.d prohibits sub-contractor bonding requirements. Furthermore, the State of Florida does not require bonding, insurance or pre-qualification for subcontractors. However, based on procurement and ODBP interviews (as well as anecdotal interviews), CMs do require bonding and insurance of subcontractors, and in some instances, pre-qualification of subcontractors. An apparent, well-established, belief in the general marketplace is prime contractors have the right to establish pre-qualification, bonding and insurance requirements as they wish.
- 7. **Exclusivity on Direct Purchases of Construction-Related Materials.** Direct purchases provide an opportunity for tax-savings to SDPBC. They are not utilized for many commodities, as Purchasing agents find the process inefficient. However, data collection suggests that, for particular products, the same Vendors may be utilized repeatedly throughout the study period. Further analysis is required.

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8. **Lack of Enforcement of Board Policy 6.143.** In reviewing SMWBE policies against actual practices, M³ Consulting found that many policies outlined in Board Policy 6.143 are not being implemented:
- a) Lack of Internal and External Matchmaking. Board Policy 6.143, Section 8.c-d requires internal and external matchmaking. There is very limited matchmaking performed at SDPBC. The lack of matchmaking is exacerbated by the lack of procurement forecasting and the limited use of the CIP in driving matchmaking activities.
 - b) Certification. While certification is being implemented and enforced, we note that the lack of uniform certification in Palm Beach County and SDPBC's discontinuance of accepting State of Florida certifications may reduce the number of SMWBEs available to do business with SDPBC.
 - c) Non-Implementation of Technical Assistance Requirements under 6.143, Section 4.d-h. SDPBC is not granting bond waivers or creating innovative techniques to address bonding requirements; prime contractors are requiring bonds from subcontractors; SDPBC has not developed a wrap-up insurance plan or financial assistance program. SDPBC has developed a Prompt Payment Policy for prime contractors of 10 days from receipt of payment from SDPBC and SDPBC must pay within 30-45 days, however, there is inconsistency in application. (Procurement and Anecdotal interviews suggest that there is inconsistency in the SDPBC 30-day payment turn around with payments shorter than or significantly longer than 30-days.)
 - d) Inconsistent and Unclear Use of SBE Set-Asides. While Board Policy 6.143 Section 5.a.i permits the utilization of SBE set-asides, this tool is seldom used. During interviews, there appeared to be confusion between ODBP, Purchasing and Program Management as to the instances where it has actually been used by SDPBC on specific contract opportunities.
 - e) Inconsistent Implementation of Goals. Based on interviews, SMWBE goals are inconsistently implemented. Program Management staff and ODBP differed on the type of goal set on CM at Risk Projects, at both the CM Partner and subcontractor level. Furthermore, it appears that 15 percent is the default goal on many projects, which

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causes the goal program to operate more as a set-aside, than a flexible and aspirational goal. Proper goal setting, as discussed above, is further impacted by the lack of a vendor registry to support a SMWBE goal-setting formula.

- f) Limited Enforcement of CM Goals. Because SDPBC staff has limited involvement in the CM's procurement process, there is limited enforcement and encouragement of SMWBE participation on these major projects beyond reviewing Form 1528, where CMs self-report SMWBE participation. We note that, during the data collection and confirmation process, we could not verify the certification of some firms identified as SMWBEs, even though we were using our Master SMWBE list consisting of multiple certifying agencies. As such, those firms were identified as non-SMWBEs in the statistical analysis.
- g) Non-Enforcement of Contract Compliance Criteria. According to Board Policy 6.143, Sections 6.e and 13, a disparity study is to be conducted minimally every four years. It has been ten years since the completion of the last study. Furthermore, we note that this study is being conducted after most new school construction has been completed. SDPBC does not anticipate any major construction in the near future.
- h) Non-Enforcement of Organizational Performance Criteria. As discussed previously, Board Policy 6.143, Section 4.c requires the establishment of a centralized bidder registry. This has not occurred. Additionally, based on interviews, diversity performance evaluation criteria have not been added to personnel performance evaluations, as required by Board Policy 6.143, Sections 2.e.iv and 2.e.v.

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Management's Response



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

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WANDA F. PAUL, M.Ed., MBA
CHIEF OPERATING OFFICER

DONALD E. FENNOY II, Ed.D.
SUPERINTENDENT

MEMORANDUM

TO: Lung Chiu
Inspector General

FROM: Wanda Paul
Chief Operating Officer *WFP*

Mike Burke
Chief Financial Officer *MB*

DATE: June 8, 2020

SUBJECT: MANAGEMENT RESPONSE – AUDIT OF DIVERSITY IN BUSINESS PRACTICES AND MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE (M/WBE) PROGRAMS

RECEIVED
JUN - 8 2020
INSPECTOR GENERAL

Following is the Management response to the Audit of Diversity in Business Practices and Minority and Women-Owned Business Enterprise (M/WBE) Programs, for the period July 2016 through June 2019.

Finding #1: M/WBE Certification/Re-Certification Process Properly Tracked by the System

Management concurs.

Finding #2: Some Findings from the 2015 Disparity Study Not Corrected

Management concurs.

Dicky Sykes was hired as the Director of the Office of Diversity in Business Practices (ODBP) in August 2017. In 2018 and 2019, Ms. Sykes hired six new team members, correcting the severely understaffed situation of the department. Of the 12 recommendations provided by the 2015 Disparity Study, the progress that has been made was achieved under Ms. Sykes leadership and her team, and they continue to work on the remainder of the recommendations that are in progress or still to be implemented.

In her short tenure, Ms. Sykes has ramped up SBE and MWBE certifications by eliminating certification fees and creating reciprocal certification agreements with local government entities. Outreach efforts have been greatly expanded. There is generally at least one outreach event each month, apprising SBE and MWBE of opportunities to work for the District and how to do business with the District. There are meet and greet events, designed to connect prime and SBE/MWBE vendors. Small Business University is provided to SBE and MWBE vendors to train

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June 8, 2020

SUBJECT: Management Response – Audit of Diversity in Business Practices and Minority and Women-Owned Business Enterprise (M/WBE) Programs

them in all skills needed to run and expand their business and help them succeed. All ODBP efforts are aimed toward creating more capacity and opportunity for SBE and MWBE firms.

To help achieve the goal of further SBE/MWBE participation, the Purchasing Department has provided ODBP access to the Purchasing Department's Master Tracking Sheet which provides a list of awarded contracts, renewal dates, and new solicitations that will be advertised. Access to this real time document allows ODBP to view future bidding opportunities for District Term Contracts, RFPs, and ITNs. Having this information allows ODBP to better prepare outreach opportunities to cultivate ready, willing and able SBE and MWBE firms to participate in upcoming bidding opportunities.

Finding #3: Lack of Centralized Vendor Registration System

Management concurs.

Working together, ODBP, Purchasing and ERP conducted an extensive investigation into BidSync and B2G, to determine if either company can provide functionality that meets the needs of both departments and allow the District to move to one system. While B2G meets the needs of ODBP and BidSync the needs of Purchasing, neither system meets the needs of both departments as a single system. Therefore, the District will continue to use BidSync for Purchasing requirements and B2G for ODBP requirements, and procedures have been put into place that better sync information in the two systems, improving functionality.

To ensure that no MWBE/SBE vendor is left out of the bidding process, the Office of Diversity in Business Practices will send the Purchasing Department all vendors who certify as an MWBE/SBE vendor with the District on a monthly basis and the Purchasing Department will input that information into BidSync. By being registered in BidSync, MWBE/SBE firms will be notified of upcoming bid opportunities. Notification however will be dependent on the vendor maintaining correct contact information in the BidSync system once they have been registered.

The ODBP has added a link to BidSync on the ODBP website that enables vendors registering as MWBE/SBE vendors to also register with BidSync at that time. To date, ODBP has provided Purchasing a list of 928 vendors that are in B2G's database. While many of these vendors were already registered with BidSync, the Purchasing Department identified vendors not registered, and loaded those vendors into BidSync.

Finding #4: SBE and M/WBE Firms Missed Out Opportunities to Compete

Management concurs.

The continuous updating of SMWBE vendors in the BidSync database will improve notification of upcoming bid opportunities. With regard to bid renewals and new solicitations, Purchasing provides ODBP the following information.

- For new solicitations, a complete bid package is provided to the ODBP for their review. The ODBP provides to the Purchasing Department the names of any SDPBC registered MWBE/SBE vendors registered for the

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commodity being solicited. The Purchasing Department verifies the vendors are registered in BidSync and sends an email to the vendor advising them that a new solicitation is being advertised on BidSync. When award has been made, the Purchasing Department provides ODBP a copy of reports that reflect:

- Vendors who were invited to respond to the solicitation
 - Vendors who submitted a response to the solicitation
 - The Award tabulation that indicates the awarded vendors and denotes which vendors are SBE and/or MWBE
- For renewals, the ODBP refers to the Purchasing Department's Master Bid Tracking Sheet to conduct a yearly forecast and provides the Purchasing Department the names of vendors registered with the SDPBC as an SBE for each of the upcoming renewals.
 - Purchasing reviews and contacts the vendors to determine if they would be able to meet the requirements of the solicitation.
 - Purchasing makes a business decision on whether to renew the current solicitation or issue a new solicitation and notifies the ODBP of that decision.

The Office of Diversity in Business Practices utilizes the information provided to them by the Purchasing Department to contact District-certified SMWBE businesses to encourage them to bid, or sets up meet and greets with Purchasing Staff, and prime vendors, to secure work as a subcontractor.

Finding #5: Insufficient Monitoring of Contracts with M/WBE Participation Goals

Management concurs.

B2G went live in 2016. ODBP experienced some growing pains with system integration and data input, which have been resolved. All contract data, both prime and subcontractor payments, must be in the system for ODBP to monitor effectively. An automated process has been established that sends Prime contract data from PeopleSoft to B2G. ODBP has set-up a process for B2G to send confirmation when contracts are received. ODBP conducts regular meetings with all stakeholders to ensure all required data is in the system and being properly monitored for compliance.

Finding #6: Insufficient Documentation to Verify Participation Goal

Management concurs.

Subcontractor participation of 10.65% versus 13% showed in the system because IBIS did not update their subcontractor payment to JLS Security Plus in B2G. ODBP has enough staff now to monitor all audits generated each month, to ensure goal deficiencies are managed appropriately. B2G automatically sends an email to subcontractors when Prime payments are entered into the system. Each subcontractor is required to respond to

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the email. If the payment is incorrect or the subcontractor does not respond to the email, the system generates an audit for that payment.

Since July 2019, ODBP began randomly selecting primes to provide canceled checks and other forms of payment documentation, but it is not a reasonable expectation for ODBP to collect canceled checks for every subcontractor, on every project. Prime vendors upload proof of payments through the B2G system and ODBP staff reviews those proofs to ensure payments are made and services are performed accordingly.

Finding #7: Insufficient Monitoring of General and Consultant Contracts

Management concurs that all competitive solicitations should be reviewed by ODBP prior to release; however, requiring non-competitive awards be reviewed by ODBP conflicts with Board Policy 6.14(5)c(ii) Competitive Solicitation Waived or Not Required. The policy enumerates instances where non-competitive award is necessary and allowable.

Management concurs with the recommendation to conduct bid debriefs and has taken action to correct. To comply with Policy 6.143(4)(e), the ODBP has established a bid debrief process for non-awarded SBE and MWBE bidders. To request a bid debrief, vendors can go to the Office of Diversity in Business Practices website to complete a form for construction or goods and services. The Office has facilitated several bid debriefs since development of this format. The bid debrief and Customized Vendor Meet and Greet requisition forms were uploaded to ODBP's website February 2019.

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Cc: Dicky Sykes, Office of Diversity in Business Practices Director
Darci Garbacz, Purchasing Director

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