

September 10, 2021

Cathryn Horner, Chief Procurement Officer  
Purchasing and Contracting Department  
1300 Commerce Drive, Decatur  
Georgia, 30030

**RE: Audit of Purchasing & Contracting Department Local Small Business Enterprise (LSBE) Program Audit Report No. 2017-020-PC**

Dear Ms. Horner:

As required by DeKalb County, Georgia – Code of Ordinances / Organizational Act Section 10A- Independent Internal Audit (I), I have attached the Office of Independent Internal Audit's report on the status of actions taken by your office to address the findings contained in the audit report. The action plans to address the nine findings are **partially completed**. It is anticipated that management's action plans will be completed by August 31, 2022 and we are planning to follow up after that date to verify the completion of the action plans.

Please contact me if you require additional information.

Sincerely,

*Yolanda Lockett*

Yolanda Lockett, CIA, CISA  
Interim Chief Audit Executive

**Attachment:** Audit Findings Status Update Form

cc. Michael L. Thurmond, Chief Executive Officer  
Robert Patrick, Board of Commissioners District 1  
Jeff Rader, Board of Commissioners District 2  
Larry Johnson, Board of Commissioners District 3  
Steve Bradshaw, Board of Commissioners District 4  
Mereda Davis Johnson, Board of Commissioners District 5  
Ted Terry, Board of Commissioners District 6  
Lorraine Cochran-Johnson, Board of Commissioners District 7  
Adrienne T. McMillion, Chairperson, Audit Oversight Committee  
Harold Smith, Jr., Vice-Chairperson, Audit Oversight Committee  
Claire Cousins, Audit Oversight Committee  
Lisa Earls, Audit Oversight Committee  
Tanja Christine Boyd-Witherspoon, Audit Oversight Committee  
Zachary L. Williams, Chief Operating Officer/ Executive Assistant  
La'Keitha D. Carlos, CEO's Chief of Staff  
Kwasi K. Obeng, Chief of Staff, Board of Commissioners

Dekalb County Government			
Office of Independent Internal Audit			
Date: September 7, 2021		Prepared by: Audrey D. Pogue	
Audit Findings Status Update Form			
Status Date	Report #	Report Title	
9/7/21	2017-020-PC	Audit of Purchasing & Contracting Department Local Small Business Enterprise (LSBE)	
Contact Person	Title	Phone No.	Email Address
Cathryn G. Horner, CPPB	Chief Procurement Officer	404-371-6334	cghorner@dekalbcountyga.gov
Activity	Accountability	Schedule	
LSBE	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	Purchasing and Contracting	No	8/31/22
Finding		Finding Detail	
No.	1		
Date	2/27/20		
Finding		LACK OF FORMAL OPERATING PROCEDURES	
Recommendation		<p>We recommend that P&amp;C management:</p> <ul style="list-style-type: none"> <li>Finalize and implement the written standard program operating procedures to administer the LSBE program in a timely manner. The procedures should include: <ul style="list-style-type: none"> <li>Oversight of the certification and recertification.</li> <li>Monitoring of contract performance compliance.</li> <li>Evaluation of LSBE firms to ensure compliance with the graduation requirements.</li> <li>Administration of the mentor protégé initiative.</li> </ul> </li> <li>Reassess staffing needs to ensure the accomplishment of program objectives as outlined in the LSBE ordinance.</li> <li>Implement a formalized training program for staff on the finalized operating procedures evidenced by either a training certificate of completion/attendance or sign-in sheet, etc.</li> </ul>	
Management Response		Agreed. New P&C leadership is currently working to develop and implement written standard operating procedures and assess staffing needs. The administration is committed to implementing a formalized training program for LSBE staff once the standard operating procedures are finalized.	
Status Update-12 months		Draft Operating Procedures have been written and will be finalized upon decision as to whether the services will be brought in-house or continued to be outsourced.	
<input type="checkbox"/>	Open	We have realigned some of our staffing and we've requested that GMSDC add staff. We now have one additional staff member on the GMSDC side that supports the calls that come in with regard to the utilization of the DeKalb links system. In the past, there has been someone only supporting the certification application process.	
<input type="checkbox"/>	Management/Agency Assumes Risk		
<input checked="" type="checkbox"/>	Partially Complete		
<input type="checkbox"/>	Complete Pending Verification by OIIA		
<input type="checkbox"/>	Closed		

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LSBE	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	Purchasing and Contracting	No	8/31/22
Finding		Finding Detail	
No.	2		
Date	2/27/20		
Finding		INSUFFICIENT MONITORING/OVERSIGHT OF LSBE PROGRAM SERVICES	
Recommendation		<p>We recommend that P&amp;C management:</p> <ul style="list-style-type: none"> <li>• Develop and implement written standard operating procedures which include monitoring and oversight procedures of the LSBE Program.</li> <li>• Reassess their staffing needs to ensure adequate staff is available to provide sufficient monitoring and oversight of the LSBE program services.</li> </ul>	
Management Response		Agreed. New P&C leadership is currently working to develop and implement written standard operating procedures and assess staffing needs. Additionally, there has been a restructuring of the LSBE office and P&C is conducting an internal audit.	
Status Update-12 months		<p>Draft Operating Procedures have been written and will be finalized upon decision as to whether the services will be brought in-house or continued to be outsourced.</p> <p>We've realigned some of our staffing and we've requested that GMSDC add staff. We now have one additional staff member on the GMSDC side that supports the calls that come in with regard to the utilization of the DeKalb links system. In the past, there has been someone only supporting the certification application process.</p> <p>Bi-weekly meetings have started and currently being carried out with the Georgia Minority Supplier Development Council, Inc. (GMSDC) and P&amp;C.</p>	
<input type="checkbox"/>	Open		
<input type="checkbox"/>	Management/Agency Assumes Risk		
<input checked="" type="checkbox"/>	Partially Complete		
<input type="checkbox"/>	Complete Pending Verification by OIIA		
<input type="checkbox"/>	Closed		

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LSBE	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	Purchasing and Contracting	No	8/31/22
Finding		Finding Detail	
No.	3		
Date	2/27/20		
Finding			
PROGRAM ADMINISTRATION REPORTING REQUIREMENTS NOT FULFILLED			
Recommendation		<p>We recommend P&amp;C management:</p> <ul style="list-style-type: none"> <li>• Submit timelier semi-annual LSBE program reports to the CEO and BOC for their review.</li> <li>• Update the semi-annual LSBE program report to ensure it contains the information specified in the LSBE Ordinance.</li> </ul>	
Management Response		Agreed. New P&C leadership is working to ensure timely submittal of complete semiannual LSBE reports in accordance with the current LSBE Ordinance.	
Status Update-12 months		<p>Reports have been developed that can be run to provide to the Administration and BOC the required informaton. During the assessment, it was discovered there is a significant amount of bad data in DeKalb Links (GMSDC) and iSupplier (Oracle). The administration is considering the path for the program (outsourced, in-house, or hybrid) and the chosen solution may result in a need for a new software or additional revisions to DeKalb Links. It is anticipated that the implementation of the program changes will be completed by August 31, 2022 and cleanup of data in a new or revised system will be completed December 31, 2022.</p> <p>Types of bad data:</p> <ol style="list-style-type: none"> <li>( 1) Number of LSBEs certified and de-certified;</li> <li>(2) Number and financial impacts of mentor/protege partnerships;</li> <li>(3) Evaluation of the effectiveness of the LSBE in relation to the achievement of DeKalb County's goals set forth under this article, including the utilization of LSBE's on contracts;</li> <li>(4) Number of LSBEs subcontracted by non-LSBE prime contractors;</li> <li>(5) Number of LSBEs contracted as a prime contractor;</li> <li>(6) Total LSBE contracted dollars and total contracted dollars</li> </ol>	
<input type="checkbox"/>	Open		
<input type="checkbox"/>	Management/Agency Assumes Risk		
<input checked="" type="checkbox"/>	Partially Complete		
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<input type="checkbox"/>	Closed		

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LSBE	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	Purchasing and Contracting	No	8/31/22
Finding		Finding Detail	
No.	4		
Date	2/27/20		
Finding		PROGRAM ADMINISTRATION REPORTING REQUIREMENTS NOT FULFILLED	
Recommendation		<p>We recommend P&amp;C management:</p> <ul style="list-style-type: none"> <li>• Implement standard operating procedures for processing LSBE applications to ensure vendor files are maintained and include appropriate documentation in support of the LSBE program certification/recertification eligibility.</li> <li>• Perform program oversight procedures to ensure that the supporting documentation from the third-party service provider used to certify and recertify the LSBE applicants is maintained and only vendors with valid LSBE certifications are included on the certified vendor listing.</li> <li>• Reformat online fillable documents to ensure all fields can be viewed and/or printed.</li> </ul>	
Management Response		Agreed. New P&C leadership is currently working to develop and implement written standard operating procedures and is performing a system review of software.	
Status Update-12 months		Draft Operating Procedures have been written and will be finalized upon decision as to whether the services will be brought in-house or continued to be outsourced. Until that time, additional reviews by P&C staff are occurring to insure the Certified Vendor List is correct before posting.	
<input type="checkbox"/>	Open		
<input type="checkbox"/>	Management/Agency Assumes Risk		
<input checked="" type="checkbox"/>	Partially Complete	The third party vendor and P&C have agreed to standard operating procedures with responsibilities of each party delineated.	
<input type="checkbox"/>	Complete Pending Verification by OIIA	Vendors must have an ISupplier # in order to complete the certification application. This alleviates the duplicate vendor certifications because there is only one ISupplier # assigned per vendor and we have been cleaning up the database on the ISupplier side to ensure that it matches with the BIN numbers.	
<input type="checkbox"/>	Closed		

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LSBE	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	Purchasing and Contracting	No	8/31/22
Finding		Finding Detail	
No.	5		
Date	2/27/20		
Finding		NONCONFORMITY WITH LSBE GRADUATION REQUIREMENTS	
Recommendation		We recommend P&C management implement procedures to ensure compliance with the graduation requirements and that only eligible firms remain in the program. These procedures should include obtaining and maintaining adequate documentation of the graduation requirements.	
Management Response		Agreed. New P&C leadership is currently working to develop and implement written standard operating procedures.	
Status Update-12 months		<p>Draft Operating Procedures have been written and will be finalized upon decision as to whether the services will be brought in-house or continued to be outsourced. P&amp;C is currently reviewing each certification/recertification application to determine if the LSBE has met the graduation requirements as set forth in the Ordinance. All vendors are required to submit all application documents upon expiration to vet for a re-certification. Financials that exceed limits are provided a "Graduation Letter".</p> <ul style="list-style-type: none"> <li>☐ 3-yr tax returns</li> <li>☐ Personal financial statements</li> <li>☐ Business licenses</li> <li>☐ Affidavit of valid info and docs</li> </ul>	
<input type="checkbox"/>	Open		
<input type="checkbox"/>	Management/Agency Assumes Risk		
<input checked="" type="checkbox"/>	Partially Complete		
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	Purchasing and Contracting	No	8/31/22
Finding		Finding Detail	
No.	6		
Date	2/27/20		
Finding		LACK OF DOCUMENTATION TO SUPPORT CONSISTENT CONTRACT COMPLIANCE	
<b>Recommendation</b>		<p>We recommend P&amp;C management:</p> <ul style="list-style-type: none"> <li>Develop and implement standard operating procedures that detail the staff's responsibilities to ensure the fulfillment of all contract compliance components, as required in the ordinance that is in effect. These procedures should include, but not limited to: <ul style="list-style-type: none"> <li>Review the executed subcontract to ensure key components are in the subcontract.</li> <li>Review the monthly payment listing reports along with check and invoice copies, and any other documents to substantiate the work and payments to the subcontractor.</li> <li>Monitor LSBE subcontractor participation during the contract period through site visits and review of the LSBEs and subcontractor listing, attached to the prime contractor's payment request.</li> </ul> </li> <li>Request, maintain and monitor the Finalized Work Schedule required from prime contractors to help ensure compliance with the ordinance according to section 2.207, item (c) of the 2016 LSBE ordinance.</li> <li>Enforce the penalties as outlined in the LSBE ordinance.</li> </ul> <p>See Appendix IV for additional best practices for program improvement.</p>	
<b>Management Response</b>		See Response to Finding 5, above.	
<b>Status Update-12 months</b>		Draft Operating Procedures have been written and will be finalized upon decision as to whether the services will be brought in-house or continued to be outsourced.	
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LSBE	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	Purchasing and Contracting	No	8/31/22
Finding		Finding Detail	
No.	7		
Date	2/27/20		
Finding		NO EVIDENCE TO DEMONSTRATE ENFORCEMENT OF MENTOR-PROTÉGÉ INITIATIVE	
Recommendation		<p>We recommend that P&amp;C management:</p> <ul style="list-style-type: none"> <li>• Implement procedures for the LSBE mentor-protégé initiative requirement.</li> <li>• Enforce the mentor-protégé initiative and ensure that prime contractors with contracts over \$5 million dollars are engaged in a mentor-protégé relationship and adhere to the mentorprotégé guidelines.</li> <li>• Obtain quarterly reports from the mentor and the protégé, which should include information such as the protégé's growth, costs and expenditures, and completion of developmental activities or skills to help ensure that protégés benefit from the program.</li> </ul>	
Management Response		See Response to Finding 5, above.	
Status Update-12 months		Draft Operating Procedures have been written and will be finalized upon decision as to whether the services will be brought in-house or continued to be outsourced.	
<input type="checkbox"/>	Open		
<input type="checkbox"/>	Management/Agency Assumes Risk		
<input checked="" type="checkbox"/>	Partially Complete		
<input type="checkbox"/>	Complete Pending Verification by OIIA		
<input type="checkbox"/>	Closed		



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LSBE	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	Purchasing and Contracting	No	8/31/22
Finding		Finding Detail	
No.	8		
Date	2/27/20		
Finding		<b>NO EVIDENCE TO DEMONSTRATE ENFORCEMENT OF MENTOR-PROTÉGÉ INITIATIVE</b>	
Recommendation		<p><b>Note:</b> The details of this finding are confidential under the exemptions noted in Georgia Open Records Act #50-18- 72(a). The details of this finding would put the organization at risk. Questions and further information should be requested from the Chief Audit Executive of the Office of Independent Internal Audit.</p>	
Management Response		Agreed. New P&C leadership is currently performing a system review of software.	
Status Update-12 months		P&C has continued to work with the third party in continuing review of the software application in use and resolution of issues. Review of off the shelf compliance software is in process in the event it is decided to bring the services in-house.	
<input type="checkbox"/>	Open		
<input type="checkbox"/>	Management/Agency Assumes Risk		
<input checked="" type="checkbox"/>	Partially Complete		
<input type="checkbox"/>	Complete Pending Verification by OIIA		
<input type="checkbox"/>	Closed		

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LSBE	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	Purchasing and Contracting	No	8/31/22
Finding		Finding Detail	
No.	9		
Date	2/27/20		
Finding		INCOMPLETE VENDOR PROFILE INFORMATION IN DEKALB LINKS SOFTWARE	
Recommendation		We recommend P&C management implement operating procedures to ensure the prime contractors' profiles in DeKalb LINKS software are accurate and complete. We further recommend that the responsible staff verify that the system entries agree with the prime contractor information provided.	
Management Response		See Response to Finding 4, above.	
Status Update-12 months		Draft Operating Procedures have been written and will be finalized upon decision as to whether the services will be brought in-house or continued to be outsourced. Until that time, additional reviews by P&C staff are occurring to insure the profiles are accurate and complete.	
<input type="checkbox"/>	Open		
<input type="checkbox"/>	Management/Agency Assumes Risk		
<input checked="" type="checkbox"/>	Partially Complete		
<input type="checkbox"/>	Complete Pending Verification by OIIA		
<input type="checkbox"/>	Closed		