

**NEIGHBORHOOD AND COMMUNITY AFFAIRS
EQUAL BUSINESS OPPORTUNITY
AUDIT 25-09
APRIL 23, 2025**



City of Tampa

Jane Castor, Mayor

Internal Audit Department

315 E. Kennedy Boulevard
Tampa, Florida 33602
Office (813) 274-7159

April 23, 2025

Honorable Jane Castor
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Equal Business Opportunity, Audit 25-09

Dear Mayor Castor:

The Internal Audit Department's report on Equal Business Opportunity (EBO) is attached.

EBO Management has already taken positive actions in response to our recommendations. We thank EBO Management and staff for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
Ocea Wynn, Administrator of Neighborhood and Community Affairs
Dennis Rogero, Chief Financial Officer
Sal Ruggiero, Deputy Administrator for Neighborhood and Community Affairs
Bertha Mitchell, Manager Minority Business Development
Megan Birnholz-Couture, Assistant City Attorney

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/s/ Vivian N Walker

Lead Senior Auditor

/s/ Christine Glover

Audit Director

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BACKGROUND

The City of Tampa (City) has a program to "encourage equal opportunity in city contracting and procurement and to eliminate discrimination and the effects of past discrimination therein." This purpose is accomplished through the Equal Business Opportunity (EBO) program. There is an authorized staffing level of seven employees, including a Manager.

Some of the tasks EBO staff perform to administer the program include:

- Certify or recertify businesses that meet program requirements.
- Establish participation goals for certified vendors on eligible projects.
- Verify compliance by prime contractors with any goals established for certified vendor participation.
- Verify the accuracy of payments to subcontractors by prime contractors.
- Identify smaller dollar purchases that may be "sheltered," which would increase the possibility of a certified firm being awarded the procurement opportunity.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2025 Audit Agenda. The objectives of this audit were to ensure that:

1. The system of internal controls related to the EBO program is adequate.
2. EBO complies with City Code Chapter 26.5 (Code) requirements when certifying businesses.
3. EBO adequately documents actions taken to support prime contractors' compliance with goal setting and good faith efforts or when markets are considered sheltered.
4. EBO identifies procurement opportunities in compliance with the Code.
5. Performance metrics are accurate and relevant.

STATEMENT OF SCOPE

The audit period covered EBO activity from October 2023 to September 2024. Tests were performed to determine whether EBO personnel fulfilled their stated duties and responsibilities effectively and efficiently. Oracle Cloud and the B2Gnow systems were the sources of information reviewed. Both have been evaluated in the past and deemed proprietary. As a result, the Standards of Control reports for each system were obtained. Original records, as well as copies, were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

The objectives for this audit were completed by performing the following steps:

- Interviewed EBO staff to understand the system of internal control when processing applications for certifications.
- Reviewed documentation to support that the processes completed by EBO staff for certification, goal setting, and good faith efforts complied with the Code.
- Reviewed documentation to support that EBO staff adequately documented and supported denials.
- Reviewed City purchases to determine if EBO staff evaluated them for procurement opportunities.

The following steps were performed to determine the accuracy and relevance of the metrics reported:

1. Identified B2Gnow as the source for metrics reported.
2. Reviewed data reliability testing for B2Gnow data.
3. Traced reported metrics to supporting documentation.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted 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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we conclude that:

1. The system of internal controls related to the EBO program is adequate.
2. EBO did not adequately document compliance with the requirements of the Code when certifying businesses.
3. EBO adequately documents actions taken to support prime contractors' compliance with goal setting and good faith efforts or when markets are considered sheltered.
4. Although EBO identifies procurement opportunities in compliance with the Code for some purchases, improvements to the process are needed when departments use the City purchasing card.
5. Performance metrics were considered relevant but were not always accurate.

CERTIFICATION DOCUMENTATION

STATEMENT OF CONDITION: A sample of 19 certification applications processed during the audit period of October 2023 through September 2024 was reviewed for compliance with the documentation requirements established by EBO. It was determined that one application had been withdrawn. Additionally, upon certification, businesses are required to attend orientation within six months. The review of the applicable 18 application files identified the following discrepancies with established requirements:

- Five approved applicants did not attend the mandatory orientation within six months. All firms still have an active certification.
- Two businesses only provided the front of their stock certificates to prove ownership.
- One business had a statement in the file indicating they had not been "operating" for at least one year, although it was incorporated more than 10 years ago.
- One business that operates a mobile food truck did not have proof of being licensed by the Florida Department of Business and Professional Regulation.
- One business did not have evidence of registering with DemandStar, which is used to notify vendors of procurement opportunities with the City.
- One business did not provide the last three years of tax returns.
- One business had a note in the file indicating they did not have the bulk of the required documents, which included a resume, financials, tax returns, evidence of operating a business for one year, or proof of any investment into the business.

CRITERIA: On EBO's website, there is an "EBO Welcome Letter" (Letter) that includes how to become certified. Within the Letter, there is a linked document called "The Women/Minority Business (W/MBE) Small Local Business Enterprise (SLBE) Certification Eligibility Requirements," which lists the specific documentation to be provided by an applicant. In addition to some basic documents, additional documentation may be required to support eligibility for certification depending on the organizational structure of the business.

CAUSE: EBO Management indicated that the software system B2Gnow may require documents that EBO does not consider mandatory. Additionally, the application evaluator has the professional latitude to determine if submitted documents are adequate to warrant certification.

EFFECT OF CONDITION: Procurement opportunities could be awarded to firms that do not meet certification requirements, diminishing the impact of the EBO program. Also, the program's validity could be successfully challenged without adequate documentation to support the certification of a business that did not meet all the requirements.

RECOMMENDATION 1: EBO Management should implement a quality assurance review (review) by an individual independent of the certification process. The review should be

documented using a standardized checklist to ensure consistency. Additionally, the evaluator should document any exceptions to the requirement(s) in the application file.

MANAGEMENT RESPONSE: AGREE. Currently, the Manager serves to perform the quality assurance review (review) on the audit/evaluation performed by the Evaluators before final approval. One standardized check list has been created for internal purposes only to capture documents required for Sole Proprietorship, LLC or Partnership, or Corporation or Joint Venture, which is one (1) page instead of three (3) pages. The EBO Manager will explore avenues to create an independent audit review process using the standardized checklist.

AGREE: The Evaluator will include a comment on the application when requested documents are not provided.

TARGET IMPLEMENTATION DATE: Ninety (90) Days.

PROCUREMENT OPPORTUNITIES

STATEMENT OF CONDITION: A sample of 23 transactions that were posted to account numbers 534000 (Other Services), 534007 (Other Contractual Services), and 551000 (Office Supplies) for all City departments in FY2024 was reviewed to determine if procurement opportunities were available for certified vendors. The sample included purchases using the City's purchasing card (Pcard). EBO reviewed the transactions that were not made using the Pcard for any opportunities. However, for the transactions procured with the Pcard, 13 of 15 were for purchases of items where the EBO directory indicated certified vendors may have been able to provide them. Examples of the National Institute of Governmental Purchasing codes for items purchased are described as automotive and trailer equipment and accessories (055, 060, 065), computer hardware and peripherals (204, 206), and office supplies (610, 615, 616, 620).

CRITERIA: City Code Section 26.5-3(b)(9) allows the EBO Manager, in consultation with department directors, to "create procedures that will facilitate the use and solicitation of" SLBEs or affected W/MBEs if the estimated cost is less than \$2,000.

CAUSE: The departments have not been issued written guidelines that would require soliciting certified vendors if the procurement will be less than \$2,000.

EFFECT OF CONDITION: Missed opportunities for certified vendors for procurements less than \$2,000.

RECOMMENDATION 2: EBO Management should develop written guidelines that would provide departments with the procedure to follow in soliciting procurements from certified vendors when the purchase is less than \$2,000.

MANAGEMENT RESPONSE: AGREE: As an initial process, the Equal Business Opportunity Division (EBO) and the Purchasing Department will continue to work collaboratively to identify Standard Operating Procedures (SOP) for P-Card holders within the departments. Once the SOP(s) are created, EBO will work with the Purchasing Department to update the P-Card policy accordingly. The new SOP will be provided to P-Card holders for awareness and compliance.

TARGET IMPLEMENTATION DATE: One (1) Year.

PERFORMANCE METRICS

STATEMENT OF CONDITION: EBO does not report targets for its internal performance measures on OpenGov. However, the annual report posted on the EBO website identifies prime and subcontract goals for W/MBEs and SLBEs.

The August 2024 data reported on OpenGov was reviewed for accuracy. The original source report was not retained. Therefore, data that was regenerated for the August 2024 posting identified discrepancies in all areas. EBO staff explained that the discrepancies in SLBE data were due to a change in the certification expiration dates. A request was made to the B2Gnow vendor to extend any SLBE vendor with a two-year certification to a three-year certification. Since this change occurred in November 2024, generating a report in January 2025 showed more active vendors than the original data.

CRITERIA: Performance metrics help guide and gauge an organization's success. Additionally, City Code, Section 26.5-3 requires that the EBO Manager "recommend annual goals for SLBE and W/MBE, prime and subcontractor, utilization and report such recommendations to city council for approval."

CAUSE: The source data used to post information on OpenGov was not retained. It was also explained that the data generated through the system is real-time. Therefore, creating a report for an earlier date could lead to discrepancies compared to historical data previously generated. EBO Management also indicated that the current system does not easily capture the ethnicity of vendors. Additionally, it was indicated that the annual report, which identifies goals, complies with the City Code requirement.

EFFECT OF CONDITION: EBO Management may not be aware of under-utilized minority vendors without an established measure with which to compare performance.

RECOMMENDATION 3: EBO Management should include the goals identified in the annual report as targets for the data reported on OpenGov.

MANAGEMENT RESPONSE: AGREE. EBO has included the goals identified in the annual report as targets for the data reported on OpenGov.

TARGET IMPLEMENTATION DATE: This was fully implemented on April 4, 2025.