



CITY OF ATLANTA

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TO: Honorable Mayor and Members of the City Council

FROM: Amanda Noble, City Auditor
Danielle Hampton, Chair, Audit Committee

DATE: December XX, 2022

SUBJECT: Postponement of the Office of Contract Compliance Subcontractor Utilization Audit, Project No. 23.02

We undertook this audit in response to resolution 22-R-3198, in which the City Council requested an audit of the extent to which minority- and female-owned enterprises were used as subcontractors on city contracts from fiscal years 2018-2021. Our previous audit of OCC (Office of Contract Compliance) identified deficiencies in contract and task order information needed to ensure the city is meeting its diversity goals. Because subcontractor utilization is based on agreements between the contract awardee and individual subcontractors, the city relies on self-reporting by the prime contractor and confirmation by each subcontractor.

The city contracts with a vendor to house data for tracking purposes. In 2021, the city entered into a contract with B2GNow for a web-based system called the [SDMS](#) (Supplier Diversity Management System), which is accessible to certified firms, contractors, and the public. The system contains a list of certified vendors and includes reports on subcontractor utilization and payments. One of the system's intended uses is to allow OCC to track whether diversity goals are met.

The current vendor worked with city staff and representatives from PRiSM, the previous system, to migrate historical data by June 30, 2021; however, city staff never validated the data, and B2Gnow staff could not guarantee that all data fields from PRiSM were transferred over successfully. After interviewing staff from AIM and OCC, as well as representatives from B2GNow, the staff provided examples that the data migration from the previous system was incomplete to the extent that it rendered the data unreliable. We were told that subcontractor payment information was not up-to-date, was missing, or was reported more than once. The city no longer has access to data in PRiSM to determine whether the

information was missing in PRISM or was in the previous system but not migrated to SDMS. OCC staff told us they would need to contact either the prime contractor or subcontractor to re-enter the information.

Generally accepted government auditing standards require 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. Auditing standards also require that if an engagement is terminated before completion, auditors document work performed to date and explain the reasons for termination. We believe the lack of data reliability constitutes a scope limitation significant enough to prevent us from completing the audit. Once OCC staff identifies the missing gaps, B2GNow staff informed us they are willing to assist OCC in additional cleanup efforts. As a result, we are terminating this engagement until the city can resolve the data reliability issues.

Please feel free to contact the team leader for this project, Duane Braithwaite, at (404) 551-8188, or Amanda Noble, if you have questions or would like to discuss this further.

CC: Bruce Bell, City of Atlanta, Contract Compliance Director