City of Tulsa

Office of the City Auditor

Diversity, Equity, & Inclusion

Review of Small Business Enterprise Program

REASON FOR REVIEW

The City of Tulsa has a key strategic goal to ensure diversity, equity and inclusion within its operations and in the services provided to Tulsa's citizens. The City Auditor's Office plans to conduct projects targeted at evaluating how effective the City's activities are in achieving this goal. The Small Business Enterprise Program (the "Program") gives small businesses opportunities to thrive through providing services and products to the City of Tulsa and its contractors. Small firms serve as a foundation of employment for the Tulsa economy and have the largest potential for regional job growth and economic gains.

The idea to audit the Program was sparked when a citizen filed a complaint on the Ethics Hotline. The City Auditor's Office investigated the complaint and found no policy violation. Although this hotline report was not substantiated, the City Auditor's Office decided to examine Program operations to identify potential process improvements.

HOW WE CONDUCTED THIS PROJECT

We began the project with an extensive review of background information about how the Program should operate and of the Program's periodic reports. The preliminary plan for this project was to test compliance with Executive Order 2018-1. The executive order describes Program requirements and duties. In addition, we planned to review participant eligibility and reporting accuracy.

PartnerTulsa employees manage the Program. In our initial meeting with PartnerTulsa Executive Director, we learned PartnerTulsa's Director of Small Business and Entrepreneurship and a Tulsa Service Year volunteer had worked together to create an annual report highlighting the program's performance since the 2018 Executive Order. We determined the work that had been done to compile the report satisfied our audit objectives. The Director suggested additional work on the Program. She said the most impactful thing the City Auditor's Office could do was to explore purchasing data and determine whether data can be identified and analyzed to measure the Program's performance and potential impact if it were expanded to include broader purchasing activities.

SIGNIFICANT RESULTS

The content of the Small Business Enterprise Annual Report agreed factually to what we found in our background research. We found it to be an excellent report, full of good observations and ideas. Our only recommendation was for PartnerTulsa to deliver the report directly to Program participants. Their staff did this soon after the suggestion was made. A summary of the annual report observations is attached.

We plan to do a second phase of this project to discover any small business enterprise data in purchasing records.

Summary of Small Business Enterprise Annual Report Observations

Policies and practices Tulsa may explore to advance certain goals of the SBE Program:
1. Explore MWBE programs in states with similar laws
2. Expand SBE implementation to Purchasing and other City projects
3. Implement project-based goals instead of a single goal for all projects
4. Implement ongoing monitoring of SBE utilization throughout the life of projects
5. Provide a bid discount or rating bonus for higher SBE utilization
6. Provide priority bid opportunities for SBE firms
7. Award participation for prime SBEs on a contract
8. Develop a mentor/protégé program
9. Allow prime contractors to certify SBEs through the bid process
10. Create a no nepotism rule

Process Improvements:
- Increase the number of certified SBEs in the Program
- Increase the number of SBEs earning business as subcontractors through the program
- Increase the number of projects achieving SBE goals and the overall amount of business with SBEs
- Enhance the experience of SBEs and Prime Contractors
- Build trust with certified SBEs, potential SBEs, and other stakeholders

The entire report can be viewed at https://www.cityoftulsa.org/media/18198/2021-sbe-annual-report-final.pdf