

Memorandum



DATE: August 19, 2010

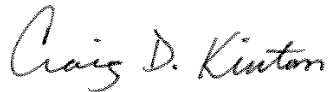
TO: Honorable Members of the Budget, Finance & Audit Committee –
Jerry R. Allen, Chair; Ann Margolin, Vice-Chair; Delia Jasso; Vonciel Jones Hill;
Ron Natinsky; David A. Neumann

SUBJECT: Presentation to the Budget, Finance & Audit Committee:
Sales Tax Compliance Review Services – Evaluation Results

I will provide a briefing to the members of the Budget, Finance & Audit Committee on Tuesday, August 24, 2010 regarding:

- Sales Tax Compliance Review Services – Evaluation Results

Sincerely,



Craig D. Kinton
City Auditor

Attachment

Budget, Finance & Audit Committee

Sales Tax Compliance Review Services – Evaluation Results

City of Dallas
Office of the City Auditor
August 24, 2010



Purpose

- To review the procurement process and results of the proposal evaluation for sales/use tax compliance review services
- Seek support of the Budget, Finance & Audit Committee for recommendation to Council to approve the contract for services

Background

- The Fiscal Year (FY) 2010 Audit Plan approved by the City Council included project objectives to ensure the City is receiving all applicable sales tax revenues
- The Budget, Finance & Audit Committee was briefed in April 2010 that the Office of the City Auditor was working with Business Development and Procurement Services (BDPS) on the issuance of a *Request for Qualifications* to seek qualified vendors to perform sales/use tax audits on a contingent fee basis
- The Budget, Finance & Audit Committee was briefed on August 10, 2010 that MuniServices had been selected as the most qualified vendor and that a contract was being negotiated

Procurement Timeline

<u>Activity</u>	<u>Date</u>
Advertising Dates	April 22 and April 29, 2010
Pre-Qualification Conference	May 3, 2010
Closing Date	May 19, 2010
Evaluation of Responses Completed	June 1, 2010
Request for Pricing Proposal	June 11, 2010
Contract Negotiations Begin	June 14, 2010
Budget, Finance & Audit Committee Briefing	August 24, 2010
Council Action (Proposed)	September 8, 2010

Responses to *Request for Qualifications*

- The City received responses from two firms:
 - Kasner & Associates
 - MuniServices, LLC

Multi-Departmental Evaluation Team

Evaluators

Daniel Oney

Carol Smith

Corrine Steeger

Department

Economic Development

Office of the City Auditor

Budget and Management
Services

Evaluation Criteria

Criteria

Weighting Factor

Overall Approach and Methodology	40%
Project Staffing	35%
Vendor Experience	15%
Client References	10%

Evaluation Results

Vendor	Overall Approach & Methodology (40%)	Project Staffing (35%)	Provider Experience (15%)	Client References (10%)	Total
Kasner & Associates	27	30	9	10	76
MuniServices, LLC	37	30	15	10	92

Scope of Work

- Detect and validate qualified business activity taking place within the City from which the City is not receiving sales/use tax revenue
- Assist businesses in filling returns and making payments for all open tax periods
- Assist businesses in correcting registration information for taxes that are being incorrectly reported to another jurisdiction
- Provide documentation to the state to secure the transfer of funds to the City that was reported in error to another jurisdiction
- Provide status reporting to keep the City aware of sales/use tax compliance review initiatives progress

Term of Service

Contract divided into three segments:

1. Initial Term – 3 years
 - Full services to City
 - 3, one-year extension options
2. Correction Period – 6 months
 - Final submissions and confirmation of corrections
3. Completion Period – 2 years
 - Complete billing for corrections made

Fee Schedule

- 30% Contingency Fee
 - Based on revenue received as a result of MuniServices' work

- Fee applied to:
 - All revenues corrected for any periods prior to the date of corrected allocations
 - First eight (8) consecutive reporting quarters following correction of the errors and confirmation of receipt of revenues by the City

Lowest Pricing Provision

- Vendor confirms that pricing is lowest currently offered to Texas Cities
- Agrees to lower pricing to City of Dallas if a lower price is offered to another Texas city during the term of this contract
- New rate would apply from date of offer to another city through remainder of contract



Recommendation

Support approval of consultant contract with MuniServices for Sales Tax Compliance Review Services

Questions?

**City of Dallas
Office of the City Auditor
August 24, 2010**

