

**STATE PURCHASING COOPERATIVE**

**Procurement Compliance Questionnaire**

**For Fiscal Year Ended June 30, 2014**

## PROCUREMENT COMPLIANCE QUESTIONNAIRE

### INSTRUCTIONS

Arizona Revised Statutes (A.R.S.) §15-213(F) requires school purchasing cooperatives to have, as part of their audit, a systematic review of their purchasing practices using guidelines established by the Office of the Auditor General. The purpose of the review is to determine whether the cooperative is in compliance with the State's procurement laws and applicable rules in awarding contracts for schools to use. Cooperatives meet this requirement by having their audit firm complete this questionnaire using the guidelines specified below. As required by A.R.S. §15-213(E), procurement review contracts and completed Procurement Compliance Questionnaires must be submitted for review by the Office of the Auditor General. This questionnaire is applicable for audits of fiscal years ending June 30, 2014, and thereafter. Reviews not meeting these guidelines may be rejected by the Office of the Auditor General.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the cooperative is in compliance with the State's procurement laws and applicable rules, and the evidence must be included in the audit documentation.
- ◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" answers to the questionnaire.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population. However, the minimum number of items to test has been specified for each question.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the cooperative is in compliance with the State's procurement laws and applicable rules on that question.
- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ For question 1(a)(4), the audit firm should confirm that the invitations for bids (IFB) and requests for proposals (RFP) tested included each item required by *Arizona Administrative Code* R7-2-1024(B) and R7-2-1042(A), as applicable. If the audit firm determines that the cooperative did not include a specific item required by R7-2-1024(B) or R7-2-1042(A), the audit firm's comment should cite the specific item that was not included.
- ◆ A "Yes" answer indicates that the audit firm has determined that the cooperative is in compliance with the State's procurement laws and applicable rules on that question and a "No" answer indicates the cooperative does not comply. However, the final determination of compliance on each question, as well as overall compliance, is made by the Office of the Auditor General based on the evidence presented in the questionnaire, audit reports, audit documentation, and any other sources of information available.
- ◆ All "No" and "N/A" answers must be adequately explained in the comments column or in an attachment. Deficiencies must be described in sufficient detail to enable the Office of the Auditor General to determine the nature and significance of the deficiency and to describe the deficiency in a letter. The description should include the number of items tested and the number of exceptions noted.

The resulting audit documentation supporting the audit firm's answers on the questionnaire must be made available on request for review by the Office of the Auditor General. To facilitate this review, the audit firm may wish to include in the audit documentation a copy of the questionnaire with references to the audit procedures performed for each question.

## PROCUREMENT COMPLIANCE QUESTIONNAIRE

**For question 1: The audit firm must select and test the lesser of 50 percent or 15 of the cooperative's contracts awarded during the fiscal year to be used by Arizona public schools, but no fewer than 5 awarded contracts. All contracts awarded for like items should be considered a single contract in applying the sample size. These sample sizes represent the minimum level of required test work. Audit firms should use their professional judgment in determining whether a larger sample is needed.**

**In the space provided in each question, indicate the actual number of contracts tested. If all contracts are tested, indicate such in the "Comments" column. Of the total awarded contracts selected for testing, at least 40 percent must be of purchases made through competitive sealed bids and at least 40 percent must be of purchases made through competitive sealed proposals. If the 40 percent thresholds cannot be met due to an inadequate population size, the audit firm must test all contracts awarded through competitive sealed bids or proposals, as applicable. Of the contracts selected above, at least one awarded contract should be for traditional construction (design-bid-build), and at least one for construction-manager-at-risk, design-build, job-order-contracting, or qualified select bidders list, if applicable.**

	YES/NO	COMMENTS
1. Based upon review of (7) contracts for the procurement of construction, materials, and services that exceeded \$50,000, (\$100,000, effective for purchases after October 28, 2013), did the cooperative follow the School District Procurement Rules as set forth in Title 7, Chapter 2, Articles 10 and 11, of the <i>Arizona Administrative Code</i> ?	Yes	The results of our test work indicated that the State Procurement Office complied with the School District procurement rules and regulations.
a. For (7) contracts awarded through competitive sealed bidding or competitive sealed proposals, did the cooperative:		
1) Give adequate notice of the IFB or RFP? R7-2-1022 or R7-2-1042(C)	Yes	
2) Compile and maintain a list of prospective bidders that requested to be added to a list of prospective bidders, if any? R7-2-1023	Yes	
3) Issue the IFB or RFP at least 14 days before the time and date set for bid opening or the closing date and time for receipt of proposals, as applicable, unless a shorter time was determined necessary? R7-2-1024(A) or R7-2-1042(B)	Yes	
4) Include all required information in the IFB or RFP? R7-2-1024(B) or R7-2-1042(A)	Yes	
5) Stamp sealed bids or proposals with the time and date upon receipt and store bids or proposals unopened until the time and date set for opening? R7-2-1029 or R7-2-1045	Yes	
6) If a multiple award was made for the IFB or RFP:		
i. Determine, with the specific reason(s) in writing, that a single award was not advantageous to the cooperative's members and retain documentation that supported the basis for a multiple award?	Yes	
ii. Limit contract awards to the least number of suppliers necessary to meet the requirements of the members?	Yes	
7) For contracts where only one responsive bid or proposal was received, determine that the price submitted was fair and reasonable, and that either other prospective offerors had reasonable opportunity to respond or there was not adequate time for resolicitation, and retain documentation that supported the basis for the determination? R7-2-1032 or R7-2-1045(C)	N/A	No contracts received only one responsive bid.
b. For (3) contracts awarded through competitive sealed bidding, did the cooperative award the contracts to the lowest responsible and responsive bidder whose bid conformed, in all material respects, to the requirements and evaluation criteria set forth in	Yes	

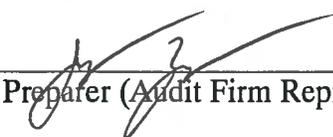
**PROCUREMENT COMPLIANCE QUESTIONNAIRE**

	<u>YES/NO</u>	<u>COMMENTS</u>
the IFB? R7-2-1031		
c. For (4) contracts awarded through competitive sealed proposals, did the cooperative:		
1) Determine, with the specific reason(s) in writing, that the use of competitive sealed bidding was either not practicable or not advantageous to the cooperative's members for specified types of materials or services because it was necessary to do one or more of the following, and retain documentation that supported the basis for the determination? R7-2-1041	Yes	
<ul style="list-style-type: none"> <li>• Use a contract other than a fixed-price type</li> <li>• Conduct oral or written discussions with offerors concerning technical and price aspects of their proposals</li> <li>• Afford offerors an opportunity to revise their proposals</li> <li>• Compare the different price, quality, and contractual factors of the proposals submitted</li> <li>• Award a contract in which price was not the determining factor</li> </ul>		
2) Award the contract to the offeror whose proposal was determined, with the specific reason(s) in writing, to be most advantageous to the cooperative's members based on the factors set forth in the RFP and retain documentation that supported the basis for the determination? R7-2-1050	Yes	
d. If the cooperative used construction-manager-at-risk, design-build, or job-order-contracting to procure construction services, did the cooperative comply with the requirements of R7-2-1116 and Laws 2010, Chapter 283?	N/A	No bids or contracts were awarded for construction services.
e. If the cooperative used a qualified select bidders list to procure construction services, did the cooperative comply with requirements of R7-2-1110?	N/A	No bids or contracts were awarded for construction services.
f. If the cooperative procured goods and information services using electronic, on-line bidding, did the cooperative comply with the requirements of Title 41, Chapter 23, Article 13, and the rules adopted by the Arizona Department of Administration in implementing that article until the Arizona State Board of Education adopts rules for these procurements, after which the cooperative should comply with those rules?	N/A	Electronic, on-line bidding, was not used to procure goods or information services.
g. For purchases made through the Simplified School Construction Procurement Program (R7-2-1033), did the cooperative:	N/A	No construction services were procured.
1) Ensure that construction costs did not exceed \$150,000 for contracts to be used by Arizona school districts or \$100,000 for contracts to be used by nonexempt Arizona charter schools?	N/A	
2) Submit solicitations to bid and all other information related to the project to all vendors included in a list maintained by the County School Superintendent?	N/A	
3) Open the bids at a public opening?	N/A	
4) Keep the bids confidential until the public opening?	N/A	
5) Encourage competition to the maximum extent possible?	N/A	
2. Did the cooperative prevent additional purchases by new members that would materially change the volume of goods or services estimated in the original invitations or requests?	No	School districts can only make purchases from state contracts. State contracts do not have

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	<u>YES/NO</u>	<u>COMMENTS</u>
		limits on volume of goods or services.
3. If the cooperative used multi-term contracts for any of the contracts tested in question 1:	Yes	
a. Were the terms and conditions of renewal or extension, if any, included in the IFB or RFP? A.R.S. §15-213(K)		
b. For materials or services and contracts for job-order-contracting construction services that were entered into for more than 5 years, did the cooperative determine in writing that a contract of longer duration would be advantageous to its members before the procurement solicitation was issued? A.R.S. §15-213(K)	N/A	No contracts were entered into for more than 5 years.
<b>For questions 4 and 5: If the cooperative had any emergency or sole source procurements, the audit firm must test <u>all</u> such procurements.</b>		
4. Based upon review of (____) emergency procurements, was the basis for each emergency procurement reasonable and did the cooperative maintain a written statement for each emergency procurement documenting the basis for the emergency, the selection of the particular contractor, and why the price paid was reasonable; and was such statement signed by the individual authorized to initiate emergency procurements? R7-2-1057	N/A	Emergency procurements are only available to state agencies.
5. Based upon review of (____) sole source procurements, was the basis for the sole source procurement reasonable, and did the cooperative retain its written determination that there was only one source for the required materials, service, or construction items? R7-2-1053	N/A	Sole source procurements are only available to state agencies.

This questionnaire was completed in accordance with guidelines established by the Office of the Auditor General as set forth in the instructions on page 1.

<u>Arizona Office of the Auditor General</u> Audit Firm	<u>7/16/14</u> Date
 Preparer (Audit Firm Representative)	<u>Financial Audit Division Director</u> Title