

STATE PURCHASING COOPERATIVE

Procurement Compliance Questionnaire

For Fiscal Year Ended June 30, 2015

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 that the Office of the Auditor General established. The review's purpose is to determine whether the cooperative is in compliance with the State's procurement laws and applicable rules in awarding contracts for school districts 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 the Office of the Auditor General's review. This questionnaire is applicable for audits of fiscal years ending June 30, 2015, and thereafter. The Office of the Auditor General may reject reviews not meeting these guidelines:

- ◆ 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.
- ◆ 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 Office of the Auditor General makes the final determination of compliance on each question, as well as overall compliance, based on the evidence presented in the questionnaire, audit reports, audit documentation, and any other sources of information available.
- ◆ All "No" 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.
- ◆ All "N/A" answers must be adequately explained in the comments column.

The resulting audit documentation supporting the audit firm's answers on the questionnaire must be made available on request for the Office of the Auditor General's review. 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 school districts, 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 because of 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.

	<u>YES/NO</u>	<u>COMMENTS</u>
1. Based upon review of (7) contracts for the procurement of construction, materials, and services that exceeded \$100,000, did the cooperative follow the School District Procurement Rules (R7-2-1001 et seq)?	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 invitation for bid (IFB) or request for proposal (RFP)? R7-2-1022 or R7-2-1042(C)	Yes	
2) Compile and maintain a list of persons who 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 due date and time set for bid or 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? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.) 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 due date and time set for opening? R7-2-1029 or R7-2-1045	Yes	
6) If a multiple award was made for the IFB or RFP:		
i. Did the cooperative establish and follow procedures for the use of multiple award contracts? R7-2-1031(D) and R7-2-1050(C)	Yes	
ii. Did the cooperative include in the solicitation(s) notification that multiple contracts may be awarded, the cooperative's basis for determining whether to award multiple contracts, and the criteria for selecting vendors for the multiple contracts? R7-2-1031(C) and R7-2-1050(B)	Yes	
iii. 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? R7-2-1031(D)	Yes	
iv. Limit contract awards to the least number of suppliers necessary to meet the requirements of the members? R7-2-1031(D) and R7-2-1050(C)	Yes	

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	YES/NO	COMMENTS
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 R7-2-1046(A)(1)	N/A	No contracts received only one responsive bid.
b. For (2) 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 the IFB? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.) R7-2-1031	Yes	
c. For (5) contracts awarded through competitive sealed proposals, did the cooperative 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 determination? R7-2-1050	Yes	
2. Did the cooperative have signed conflict-of-interest disclosures filed for any employee or nonemployee evaluation committee members? R7-2-1008 and R7-2-1015	Yes	
3. If the cooperative used a qualified select bidders list to procure construction services, did the cooperative comply with requirements of R7-2-1101?	N/A	No bids or contracts were awarded for construction services.
4. 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 R7-2-1100 through R7-2-1115?	N/A	No bids or contracts were awarded for construction services.
5. If the cooperative procured goods and services using reverse auctions or electronic bidding, did the cooperative comply with the requirements of R7-2-1018, R7-2-1021, or R7-2-1041?	N/A	Reverse auctions or electronic bidding was not used to procure goods or information services.
6. For purchases made through the Simplified School Construction Procurement Program, did the cooperative follow the requirements of R7-2-1033? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.)	N/A	No bids or contracts were awarded for construction services.
7. If the cooperative used multi-term contracts for any of the contracts tested in question 1:		
a. Were the terms and conditions of renewal or extension, if any, included in the IFB or RFP? A.R.S. §15-213(K) and R7-2-1093	Yes	
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, before the procurement solicitation was issued, that a contract of longer duration would be advantageous to its members? A.R.S. §15-213(K) and R7-2-1093	N/A	No contracts were entered into for more than 5 years.
8. Did the cooperative prevent additional purchases by new members that would materially change the volume of goods or services estimated in the original solicitation? R7-2-1011	No	School districts can only make purchases from state contracts. State contracts do not have limits on volume of goods or services.

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	<u>YES/NO</u>	<u>COMMENTS</u>
9. Did the cooperative maintain current cooperative purchasing agreements with participating school districts? R7-2-1191 through R7-2-1195	Yes	
For questions 10 and 11: If the cooperative had any emergency or sole source procurements, the audit firm must test <u>all</u> such procurements.		
10. Based upon review of (<input type="checkbox"/>) emergency procurements, was the basis for each emergency procurement reasonable; 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? R7-2-1055 and R7-2-1056	N/A	Emergency procurements are only available to state agencies.
11. Based upon review of (<input type="checkbox"/>) 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 the Office of the Auditor General established as set forth in the instructions on page 1.

Arizona Auditor General
Audit Firm

9/4/15
Date


Preparer (Audit Firm Representative)

Financial Audit Director
Title

