

Arizona State Procurement Office
Procurement Compliance Questionnaire
for fiscal year ended June 30, 2023¹

¹ This questionnaire must be used for fiscal year (FY) 2023 audits and thereafter.

Procurement Compliance Questionnaire

Instructions

Arizona Revised Statutes (A.R.S.) §15-213(F) requires school purchasing cooperatives to have a systematic review of their purchasing practices performed in conjunction with their annual audit, using guidelines that the Arizona Auditor General established. The review's purpose is to determine whether the cooperative complied with the procurement laws and applicable rules when awarding contracts that Arizona school districts use. Auditor completion of this procurement compliance questionnaire constitutes the required systematic review.

The audit firms must obtain and document sufficient, appropriate evidence annually to support each response. These instructions and questions constitute the minimum audit standards for completing the procurement questionnaire. The Arizona Auditor General may reject those Procurement Compliance Questionnaires that are not prepared in compliance with the minimum audit standards.

- Audit documentation must describe the procedures performed, items reviewed, and the results of such procedures and reviews to support the auditor's responses and related comments.
- Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" responses on the questionnaire.
- The audit firm must determine the cooperative reviewed documents and transactions and provided sufficient evidence of approval including manual or electronic signatures or initials and date of review.
- For questions related to the establishment of policies and procedures, the audit firm must gain an understanding of the cooperative's internal controls and perform sufficient test work to determine that the procedures were implemented, followed, and systematically communicated to employees and member districts, as applicable.
- The minimum number of items to test has been specified for each question. The items selected should be representative of the population. Population and sample sizes used for test work should be documented in the comment box of the related question.
- A "Yes" response indicates that the audit firm has determined that the cooperative complied with the State's procurement laws and applicable rules for that question based on auditor obtained evidence. However, the Arizona Auditor General makes the final determination of compliance based on the evidence presented in the questionnaire, audit reports, audit documentation, and any other sources of information available.
- A "No" response indicates the cooperative did not comply with the State's procurement laws and applicable rules for that question. Audit firms must explain the cooperative's deficiency noted for all "No" responses in the comment box below the question. Deficiencies must be described in sufficient detail to enable the Arizona Auditor General to determine the nature and significance of the deficiency for (a) assessing compliance with the State's procurement laws and applicable rules, (b) describing the deficiency in a letter, and (c) testing compliance during a review. The description should include the number of items tested and the number of exceptions noted, and any other relevant information that would provide context for the deficiency.
- An "N/A" response indicates the cooperative did not have activity related to the State's procurement laws and applicable rules for that question. The audit firm must explain all "N/A" responses in the comment box below the question unless the reason for the N/A is obvious.
- The questions in the questionnaire do not address all requirements of the State's procurement rules and applicable laws. If the audit firm is aware of noncompliance with a requirement that is not addressed in this questionnaire, the audit firm should include those deficiencies on a separate page attached to the questionnaire, as applicable.

The audit firm must make the resulting audit documentation supporting the audit firm's questionnaire responses and comments available on request for the Arizona Auditor General to review. To facilitate this review, the audit firm should include in the audit documentation a copy of the questionnaire with references to the audit procedures performed for each question.

Once the audit firm has completed, reviewed, and signed the procurement questionnaire, it must submit it to the Arizona Auditor General by email to asd@azauditor.gov.

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Objective: To determine whether the cooperative has followed the State of Arizona procurement laws and the Arizona School District Procurement Rules, as adopted by the State Board of Education in the Arizona Administrative Code (A.A.C.) R7-1-1001 et seq., to promote fair and open competition among vendors to help ensure the cooperative's members are receiving the best value for the public monies they spend.

The audit firm must select and test the lesser of 50 percent or 15 of the cooperative's solicitations completed during the fiscal year to be used by Arizona school districts, but no fewer than 5 solicitations. 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 parentheses provided below, indicate the population size and actual number of solicitations tested and total number of solicitations completed. If all solicitations are tested, indicate such in the comments. Of the total solicitations selected for testing, at least 40 percent must be competitive sealed bids and at least 40 percent must be competitive sealed proposals. If the 40 percent thresholds cannot be met because of an inadequate population size, the audit firm must test all solicitations completed through competitive sealed bids or proposals, as applicable. Of the solicitations selected, at least 1 should be for traditional construction (design-bid-build) and specified professional services, and at least 1 for construction-manager-at-risk, design-build, job-order-contracting, or qualified select bidders list, as applicable.

	YES/NO
Based upon review of (<u>16</u>) solicitations, (<u>0</u>) competitive sealed bids and (<u>16</u>) competitive sealed proposals from the (<u>28</u>) total solicitations completed during the fiscal year for the procurement of construction, materials, and services, did the cooperative follow the School District Procurement Rules (A.A.C. R7-2-1001 et seq) and do the following:	
1. Compile and maintain a list of persons who requested to be added to a list of prospective bidders, if any, and furnish those bidders with notice of available bids? A.A.C. R7-2-1023	YES
<i>Comment:</i>	
2. Publish and provide other adequate notice, as applicable, of the issuance of solicitations? A.A.C. R7-2-1022, R7-2-1024(C), or R7-2-1042(C)	YES
<i>Comment:</i>	
3. Issue the solicitation at least 14 days before the due date and time set for bid or proposals, as applicable, unless a shorter time was documented as necessary? A.A.C. R7-2-1024(A) or R7-2-1042(B)	YES
<i>Comment:</i>	
4. Include all required content in the solicitation, as required by A.A.C. R7-2-1024(B) or R7-2-1042(A), including the requirement that bidders/offerors have taken steps to ensure no violation of A.R.S. §15-213(O) has occurred? (Note: If the response is "No," the comment should specifically indicate which requirements were not complied with.)	YES
<i>Comment:</i>	
5. Record the time and date that sealed bids or proposals were received and store bids or proposals unopened until the time and date set for opening? A.A.C. R7-2-1029 or R7-2-1045	YES
<i>Comment:</i>	
If a multiple award was made for a solicitation, did the cooperative: (Questions 6 through 9)	
6. 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? A.A.C. R7-2-1031(C) and R7-2-1050(B)	YES
<i>Comment:</i>	
7. Documented the specific reason(s), that a single award was not advantageous to the cooperative's members and retained documentation that supported the basis for a multiple award? A.A.C. R7-2-1031(D) and R7-2-1050(C)	YES
<i>Comment:</i>	

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	YES/NO
8. Establish and communicate to the cooperative's members the procedures for the use of multiple award contracts? A.A.C. R7-2-1031(D) and R7-2-1050(C)	
<i>Comment: N/A, based on the examination of Arizona Administrative Code R7-2-101 et seq, unlike school district procurement rules, the State Procurement Office (SPO) is not required to establish and communicate procedures for the use of multiple awards.</i>	N/A
9. Limit contract awards to the least number of suppliers necessary to meet the requirements of the members? A.A.C. R7-2-1031(D) and R7-2-1050(C)	YES
<i>Comment:</i>	
10. For solicitations where only 1 responsive bid or proposal was received, did the cooperative 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? A.A.C. R7-2-1032 or R7-2-1046(A)(1)	
<i>Comment: N/A, as SPO did not issue solicitations in FY 2023 where only 1 bid was received.</i>	N/A
11. For (<u>0</u>) solicitations issued 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 invitation for bid (IFB)? (Note: If the response is "No," the comment should specifically indicate which requirements were not complied with.) A.A.C. R7-2-1031	
<i>Comment: N/A, as SPO did not issue any IFBs for school district cooperative use in FY 2023.</i>	N/A
12. For (<u>16</u>) solicitations issued 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 request for proposal (RFP) and retain documentation that supported the determination? (Note: If the response is "No," the comment should specifically indicate which requirements were not complied with.) A.A.C. R7-2-1050	YES
<i>Comment:</i>	
13. If the cooperative issued solicitations for construction contracts that used construction-manager-at-risk, design-build, job-order-contracting, or qualified select bidders list to procure those services, did the cooperative comply with the requirements of A.A.C. R7-2-1100 through R7-2-1115? (Note: If the response is "No," the comment should specifically indicate which requirements were not complied with.)	YES
<i>Comment:</i>	
14. If the cooperative issued solicitations for goods and information services using reverse auctions or electronic bidding, did the cooperative comply with the requirements of A.A.C. R7-2-1018 and R7-2-1021? (Note: If the response is "No," the comment should specifically indicate which requirements were not complied with.)	
<i>Comment: N/A, as SPO did not use reverse auctions or real-time electronic bidding to procure any goods or services for school district cooperative use in FY 2023.</i>	N/A
15. Did the cooperative annually obtain signed procurement disclosure statements for all employees with job responsibilities related to procurement and for all procurement consultants, members of a procurement advisory group, or evaluation committee involved in each specific procurement process, that includes the required disclosures described in A.A.C. R-7-2-1008(C)? A.A.C. R7-2-1008 and R7-2-1015	YES
<i>Comment:</i>	
16. Based on type of procurement tested, did the cooperative prepare the applicable written determinations as required by the specific procurement rule(s) and specify the reasons and how the determination was made, within the solicitation or separately documented in the procurement file. A.A.C. R7-2-1004.	YES
<i>Comment:</i>	

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	YES/NO
17. If the cooperative used multi-term contracts for any of the solicitations tested:	
a. Were the terms and conditions of renewal or extension, if any, included in the IFB or RFP? A.R.S. §15-213(L) and A.A.C. R7-2-1093	YES
<i>Comment:</i>	
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 solicitation was issued? A.R.S. §15-213(L) and A.A.C. R7-2-1093	N/A
<i>Comment: N/A, based on the 16 solicitations reviewed, SPO did not award any FY 2023 cooperative contracts for more than 5 years.</i>	
18. If the cooperative issued solicitations for specified professional services, consistent with A.A.C. R7-2-1117 through R7-2-1123 did it provide guidance for use of those contracts to cooperative member districts?	YES
<i>Comment:</i>	
19. The cooperative's procurement files included the information required by A.A.C. R7-2-1001(97), as applicable, and were the files available to cooperative members for due diligence purposes? A.A.C. R7-2-1191(D) If the response is "No," specifically indicate which document listed in A.A.C. R7-2-1001(97) was not included in the file. Do not include items already cited on another question.	NO
<i>Comment: For 1 of 16 solicitations reviewed, SPO did not include the award determination in the official procurement file.</i>	
20. The cooperative provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more to employees and vendors? A.R.S. §15-213 (N) and A.A.C.R7-2-1003	YES
<i>Comment:</i>	
21. Did the cooperative have a procedure to prevent additional purchases by new members that would materially increase the volume of goods or services estimated in the original solicitation? A.A.C. R7-2-1011	N/A
<i>Comment: N/A, as the Arizona Procurement code does not require SPO to include volume limits.</i>	
22. Did the cooperative have a procedure to verify districts using the cooperative's contracts had an active cooperative purchasing agreement on file? A.A.C. R7-2-1191 through R7-2-1195	YES
<i>Comment:</i>	
This questionnaire was completed in accordance with guidelines established by the Arizona Auditor General and as set forth in the instructions on page 1.	
Audit Firm: Arizona Auditor General	Date: April 18, 2024
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