

STATE PURCHASING COOPERATIVE
Procurement Compliance Questionnaire
For Fiscal Year Ended June 30, 2018

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 year ended June 30, 2017, 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. If the evidence was obtained and documented during the financial statement audit, that evidence may be referenced to answer questions.
- ◆ 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. Sufficient documented evidence of approval includes signatures or initials and dates.
- ◆ 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.
- ◆ 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" answers must be adequately explained in the comments 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 for assessing compliance with the State's procurement laws and applicable rules, 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, unless the reason for the N/A is obvious.

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.

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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 parentheses provided, indicate the actual number of contracts tested. If all contracts are tested, indicate such in the "Comments". Of the total awarded contracts 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 contracts awarded through competitive sealed bids or proposals, as applicable. Of the contracts selected, at least one awarded contract should be for traditional construction (design-bid-build) and specified professional services, and at least one for construction-manager-at-risk, design-build, job-order-contracting, or qualified select bidders list, as applicable.

	YES/NO
Based upon review of 8 contracts, (0 competitive sealed bids (IFB) and 8 competitive sealed proposals(RFP)), for the procurement of construction, materials, and services that exceeded \$100,000, indicate whether the cooperative followed the School District Procurement Rules (R7-2-1001 et seq)	
For 8 solicitations prepared for competitive sealed bidding or competitive sealed proposals, did the cooperative:	
1. Publish and provide other adequate notice, as applicable, of the invitation for bid (IFB) or request for proposal (RFP)? R7-2-1022 or R7-2-1042(C)	YES
<i>Comment:</i>	
2. 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? R7-2-1023	YES
<i>Comment:</i>	
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 documented as necessary? R7-2-1024(A) or R7-2-1042(B)	YES
<i>Comment:</i>	
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
<i>Comment:</i>	
5. Record the time and date sealed bids or proposals were received and store bids or proposals unopened until the time and date set for opening? R7-2-1029 or R7-2-1045	YES
<i>Comment:</i>	
If a multiple award was made for an IFB or RFP did the cooperative: (Questions 6 through 9)	
6. Establish and follow procedures for the use of multiple award contracts? R7-2-1031(D) and R7-2-1050(C)	YES
<i>Comment:</i>	
7. 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
<i>Comment:</i>	
8. 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) and R7-2-1050(C)	NO
<i>Comment: The State Procurement Office (SPO) did not establish, in writing, why a single award was not advantageous to the cooperative's members. However, based on examination of SPO rules, determined they are allowed to do multiple awards, and SPO is not required to have a written determination prior to award unlike school districts do based on their set of rules.</i>	
9. 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
<i>Comment:</i>	
10. 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
<i>Comment: There were no contracts tested that received only one bid.</i>	

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	YES/NO
11. For 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	NA
<i>Comment: No IFBs were used during fiscal year 2018.</i>	
12. For 8 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
<i>Comment:</i>	
13. If the cooperative used a qualified select bidders list to procure construction services, did the cooperative comply with requirements of R7-2-1101?	NA
<i>Comment: This type of procurement is not performed by SPO, because it is specific to school districts and therefore no test work was performed for SPO.</i>	
14. 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? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.)	YES
<i>Comment:</i>	
15. 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? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.)	NA
<i>Comment: There were no goods or services procured through reverse auctions.</i>	
16. 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.)	NA
<i>Comment: SPO does not participate in the Simplified School Construction Procurement Program.</i>	
17. Did the cooperative have signed conflict-of-interest disclosures filed for any employee or nonemployee procurement evaluation committee members? R7-2-1008 and R7-2-1015	NO
<i>Comment: Of the 8 contracts reviewed, one conflict of interest form was completed by the employee but not signed.</i>	
18. If the cooperative used multi-term contracts for any of the contracts tested:	
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, that a contract of longer duration would be advantageous to its members before the procurement solicitation was issued? A.R.S. §15-213(K) and R7-2-1093	N/A
<i>Comment: No contracts for these types of services exceeded 5 years.</i>	
19. 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	N/A
<i>Comment: State contracts do not have limits.</i>	
20. Did the cooperative maintain current cooperative purchasing agreements with participating districts? R7-2-1191 through R7-2-1195	YES
<i>Comment:</i>	
For questions 21 and 22: If the cooperative had any emergency or sole source procurements, the audit firm must test all such procurements.	
21. Based upon review of 1 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	YES
<i>Comment:</i>	

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YES/NO

22. Based upon review of 1 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 YES

Comment:

23. If the cooperative procured contracts for specified professional services, did the cooperative follow the School District Procurement Rules? R7-2-1117 through R7-2-1123 N/A

Comment: SPO did not procure contracts for professional services (architect, engineer, land surveyor, assayer, geologist, and landscape architect) during fiscal year 2018.

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 Office of the Auditor General
Audit Firm

Preparer (Audit Firm Representative)

3/31/2019
Date
Financial Audit Director
Title