

State Purchasing Cooperative  
Procurement Compliance Questionnaire  
For Fiscal Year Ended June 30, 2019<sup>1</sup>

---

<sup>1</sup> This questionnaire must be used for fiscal year (FY) 2019 audits and thereafter.

## Procurement Compliance Questionnaire

### Instructions

Arizona Revised Statutes (A.R.S.) §15-213(F) requires school purchasing cooperatives to have, in connection with their audit, a systematic review of their purchasing practices using guidelines that the Arizona Auditor General's Office 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. The completed Procurement Compliance Questionnaire must be submitted to the Auditor General's Office for review. Procurement Questionnaires must be completed in accordance with the requirements prescribed below by the Auditor General's Office, and those not meeting the minimum requirements may be rejected.

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.
- ◆ For questions related to the establishment of policies and procedures, the audit firm must perform sufficient test work to determine that the procedures were implemented, followed, and systematically communicated to member districts.
- ◆ 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 Auditor General's Office 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 Auditor General's Office 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 documentation supporting the audit firm's answers on the questionnaire must be made available on request for the Auditor General's Office review. To facilitate this review, the audit firm may wish to include in the documentation a copy of the questionnaire with references to the procedures performed for each question.

## Procurement Compliance Questionnaire

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 1 awarded contract 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 (13) contracts, (1) competitive sealed bid, and (12) competitive sealed proposals 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).	
<b>For (13) solicitations prepared for competitive sealed bidding or competitive sealed proposals, did the cooperative:</b>	
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, as required by R7-2-1024(B) or R7-2-1042(A)? (Note: If the answer is "No," the "Comments" should <b>specifically</b> indicate which requirements were not complied with.)	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>	
<b>If a multiple award was made for an IFB or RFP, did the cooperative: (Questions 6 through 9)</b>	
6. Establish and follow procedures that were communicated to the cooperative's member districts 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)	N/A
<i>Comment: Based on examination of Arizona Administrative Code (R2-7-101 et seq)(SPO rules), unlike the school district procurement rules, we determined SPO is allowed to make multiple awards and is not required to make a written determination prior to the award.</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>	

## Procurement Compliance Questionnaire

	YES/NO
10. For contracts where only 1 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) or R2-7-C309	No
<i>Comment: For the only solicitation tested with 1 proposal received, a determination was not prepared documenting why the price was fair and reasonable, as required by R7-2-1032 and SPO rule R2-7-C309.</i>	
11. For (1- total population) 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
<i>Comment:</i>	
12. For (12) 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	No
<i>Comment: For 1 of 12 competitive sealed proposal files tested, SPO did not include a written determination documenting why the contract award was advantageous to the State, as required by R7-2-1050 and SPO rule R2-7-C317.</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?	N/A
<i>Comment: SPO does not perform this type of procurement 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.)	N/A
<i>Comment: There were no cooperative procurements of this type during the fiscal year.</i>	
15. If the cooperative procured contracts for specified professional services, consistent with R7-2-1117 through R7-2-1123, did it provide guidance for use of those contracts to cooperative member districts?	N/A
<i>Comment: There were no specified professional services contracts (architect, engineer, land surveyor, assayer, geologist, or landscape architect) procured during the fiscal year.</i>	
16. 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.)	N/A
<i>Comment: There were no goods or services procured through reverse auctions.</i>	
17. Did the cooperative have signed conflict-of-interest (procurement disclosure) statements filed for all employees with job responsibilities related to procurement or for non-employee consultants or technical advisors involved in the procurement process? R7-2-1008(C) and R7-2-1015	No
<i>Comment: For the 53 total procurement disclosure statements required in the 13 contract files reviewed, 4 procurement disclosure statements were not maintained by SPO.</i>	
18. If the cooperative used multiterm 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: There were no multiterm contracts awarded during the fiscal year for these types of services that exceeded 5 years.</i>	
19. Did the cooperative have a procedure to 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 volume or purchase limits.</i>	
20. Did the cooperative have a procedure to verify districts using the cooperative's contracts had an active cooperative purchasing agreement on file? R7-2-1191 through R7-2-1195	Yes
<i>Comment:</i>	

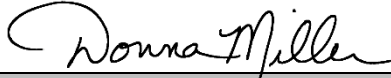
# Procurement Compliance Questionnaire

YES/NO

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

March 31, 2020



Donna Miller

Financial Audit Director