



ARIZONA DEPARTMENT OF ADMINISTRATION
STATE PROCUREMENT OFFICE

TECHNICAL BULLETIN No. 003

TITLE **Procurement Compliance Reviews**
REVISION **Number 9**
DATE **August 24, 2017**

I. Authority

- A. Applicable Statute
- A.R.S. § 41-2511 Authority of the Director
 - A.R.S. § 41-2512 Delegation of Authority or Functions by the Director
- B. Applicable Administrative Code
- A.A.C. R2-7-201 State Procurement Administrator: Duties and Qualifications
 - A.A.C. R2-7-202 Delegation of Procurement Authority to State Governmental Units
 - A.A.C. R2-7-206 Authorized Procurement Officers

II. Definitions

- A. Agency Chief Procurement Officer means the procurement officer within a State Governmental Unit, who is acting under specific, written authority from the State Procurement Administrator in accordance with R2-7-202 or any person delegated that authority, in writing, under R2-7-203. The term does not include any other person within a State Governmental Unit who does not have this written delegation of authority.
- B. State Governmental Unit means any department, commission, council, board, bureau, committee, institution, agency, government corporation or other establishment or official of the executive branch or corporation of this state.
- C. State Procurement Administrator means the individual appointed by the director as a chief procurement officer for a state, or a State Procurement Administrator's authorized designee. A different title may be used for this position.
- D. State Procurement Office means an office that acts under the authority delegated to the State Procurement Administrator.

III. Policy

A. Purpose.

1. The State Procurement Administrator shall monitor compliance of State Governmental Units with state procurement laws by establishing a compliance unit within the Arizona Department of Administration State Procurement Office (SPO) to conduct compliance reviews.
2. Compliance reviews shall be conducted to ensure State Governmental Units properly exercise purchasing authority in accordance with delegation agreements, the Arizona Procurement Code, applicable Executive Orders, and SPO technical bulletins and standard procedures.
3. Compliance reviews shall assist State Governmental Units in preparation for successful audit performance. The compliance review might not detect, nor should it be relied upon to detect, all deficiencies that may exist or improvements that should be employed by State Governmental Units.

B. Compliance Reviews. Procurement compliance is managed by means of Control Self-Assessments, Procurement Performance Reviews and Continuous Monitoring.

1. Control Self-Assessment. State Governmental Units with limited and unlimited procurement authority shall conduct control self-assessments utilizing the assessment tools provided by SPO.
 - a. State Governmental Units with \$1,000,000 or greater delegated procurement authority shall conduct control self-assessments at least once every two years. The control self-assessment plan will include seven sections focusing on: 1) Purchasing Organization, 2) Policies & Procedures Manual, 3) Agency Reporting Requirements, 4) Procurement Personnel Training and Delegation, 5) Procurement Internal Controls, 6) Contract & Solicitation Management, and 7) Limited Competition Procurement.
 - b. State Governmental Units with greater than \$10,000 and less than \$1,000,000 delegated procurement authority shall conduct control self-assessments at least once every two years. The control self-assessment plan will include four sections focusing on: 1) Purchasing Organization, 2) Policies & Procedures Manual, 3) Agency Reporting Requirements, 4) Procurement Personnel Training and Delegation, 5) Procurement Internal Controls, and 6) Contract & Solicitation Management.
 - c. State Governmental Units with \$10,000 and less delegated procurement authority shall conduct control self-assessments at

least once every two years. The control self-assessment plan will include two sections focusing on: 1) Purchasing Organization, 2) Policies & Procedures Manual, 3) Agency Reporting Requirements, and, 4) Procurement Personnel Training and Delegation.

- d. SPO reserves the right to verify the accuracy and integrity of each State Governmental Unit's response to a Control Self-Assessment.
- e. SPO reserves the right to request an out of cycle Control Self-Assessment and shall notify State Governmental Units if this becomes necessary.

2. Procurement Performance Review.

- a. SPO compliance unit shall conduct on-site procurement performance reviews for State Governmental Units with unlimited delegated procurement authority at least once every four years. SPO compliance unit will leverage results of the Control Self-Assessment and other related information to establish priorities for the Procurement Performance Review schedule.
- b. SPO compliance unit may conduct on-site procurement performance reviews for State Governmental Units with limited delegated procurement authority when deemed necessary by the State Procurement Administrator or by special request. SPO shall notify State Governmental Unit when a review is necessary.
- c. The on-site review may consist of, but is not limited to, staff interviews, review of documentation, procedures, metrics, agency-specific contracts and policies.

3. Continuous Monitoring. SPO compliance unit shall monitor various procurement activities on an ongoing basis including, but not limited to, compliance to the Arizona Legal Worker's Act, special purchase types procurements, and procurement agency sub-delegation updates.

C. Reporting.

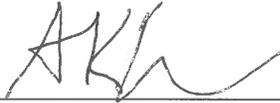
- 1. Upon completion of the Control Self-Assessment, State Governmental Units shall report assessment score, non-compliance issues or procurement findings, and continuous improvement action plan to SPO compliance unit.
- 2. SPO compliance unit shall report any non-compliance issues or procurement findings to the State Procurement Administrator.
- 3. State Governmental Unit procurement personnel should report compliance violations, concerns or questions to their immediate supervisor. Personnel may also report compliance issues directly to SPO compliance unit. In addition, the

Procurement Compliance Hotline is available on the SPO website for anonymous and confidential reporting.

4. State Governmental Units will be responsible for development and implementation of corrective action plans to resolve any non-compliance issues or procurement findings. The SPO compliance unit can provide assistance, as necessary, to develop corrective action plans.
5. The State Procurement Administrator shall confirm State Governmental Units' compliance with state procurement laws and may:
 - a. Certify the State Governmental Unit's compliance;
 - b. Request corrective action be taken;
 - c. Suspend, revoke, or modify the State Governmental Unit's delegation;
 - d. Take other appropriate actions as deemed necessary.

IV. Effective

This Technical Bulletin is hereby authorized and effective
This 24th day of August 2017, unless otherwise revised or repealed.



Ashoke Seth
State Procurement Administrator