ARIZONA DEPARTMENT OF ADMINISTRATION
STATE PROCUREMENT OFFICE

TECHNICAL BULLETIN No. 003

TITLE **Procurement Compliance Reviews**
REVISION **Number 7**
DATE **February 23, 2016**

I. Authority

A. Applicable Statute

A.R.S. § 41-2511 Authority of the Director

A.R.S. § 41-2512 Delegation of Authority 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

Where set forth in normal font, the following definitions are directly from the Arizona Procurement Code (APC).

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. Compliance reviews are conducted by means of Control Self-Assessments and Procurement Performance Reviews, in accordance with the Compliance Review schedule published annually by the state procurement administrator, and continuous monitoring.

1. Control Self-Assessment. State governmental units with limited procurement authority shall conduct control self-assessments utilizing the online tools provided by SPO.

a. State governmental units with $100,000 delegated procurement authority shall conduct control self-assessments at least once every four years.

b. State governmental units with $10,000 delegated procurement authority shall conduct control self-assessments when deemed necessary by the state procurement administrator or by special request. SPO shall notify state governmental units when a review is necessary.

c. SPO reserves the right to verify the accuracy and integrity of each State governmental unit's response to a Control Self-Assessment.

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.

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b. SPO compliance unit may conduct on-site procurement performance reviews for State governmental units with delegated procurement authority of $100,000 or less 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 and documentation review of agency-specific policies and procedures.

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.

4. Annual Risk Assessment. SPO compliance unit shall administer an annual procurement risk assessment. The risk assessment is a tool used to measure known procurement industry risks against both the likelihood of the risk occurring in an agency as well as the projected impact of the risk on the agency. SPO shall notify State governmental units no later than June 1st of each year that completion of the annual risk assessment is necessary.

C. Reporting.

1. SPO compliance unit shall report any non-compliance issues or procurement findings to the state procurement administrator.

2. State governmental unit procurement personnel should report compliance violations, concerns or questions with their immediate supervisor. Personnel may also report compliance issues directly with SPO compliance unit. In addition, the Procurement Compliance Hotline is available on the SPO website for anonymous and confidential reporting.

3. State governmental units, in collaboration with SPO compliance unit, shall identify corrective action to resolve any non-compliance issues or procurement findings.

4. 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;

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d. Take other appropriate actions as deemed necessary.

IV. Effective

This Technical Bulletin is hereby authorized and effective
this 23rd day of February 2016, unless otherwise revised or repealed.

Judy Wente
State Procurement Administrator

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