

State Purchasing Cooperative  
Procurement Compliance Questionnaire  
for fiscal year ended June 30, 2020<sup>1</sup>

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<sup>1</sup> This questionnaire must be used for fiscal year (FY) 2020 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's Office 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 district use. Cooperatives meet this requirement by having their audit firm complete this questionnaire using the guidelines prescribed below by the Auditor General's Office. The Auditor General's Office may reject those Procurement Questionnaires not meeting the minimum requirements.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the cooperative has implemented procedures to comply with the State's procurement laws and applicable rules. The evidence must be included in the audit documentation to support the comments. If the evidence was obtained and documented during the financial statement audit, that evidence may be referenced to answer related 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 evidence of approval includes signatures or initials and dates.
- ◆ 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 samples sizes used for test work should be documented in the comment box of the related question.
- ◆ The sample size should be expanded if the Audit Firm cannot clearly determine whether the cooperative complied with the procurement laws and applicable rules on that question.
- ◆ A "Yes" answer indicates that the Audit Firm has determined that the cooperative appears 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.
- ◆ The Audit Firm must adequately explain all "No" answers in the comment box below the question. Deficiencies must be described in sufficient detail to enable the Auditor General's Office 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.

- ◆ The Audit Firm must adequately explain all "N/A" answers 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 any requirements that are 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 documentation supporting the Audit Firm's answers on the questionnaire 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

**Objective:** To determine whether the cooperative has followed the procurement laws and applicable rules of the State of Arizona 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 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 below, indicate the population size and actual number of contracts tested and total number of contracts awarded. 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 (10 ) contracts, ( 0 ) competitive sealed bids and ( 10 ) competitive sealed proposals, from the ( 15 ) total contracts awarded during the fiscal year for the procurement of construction, materials, and services that exceeded \$100,000, did the cooperative follow the School District Procurement Rules (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? R7-2-1023  | Yes    |
| <i>Comment:</i>   |        |
| 2. 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>   |        |
| 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 content in the IFB or RFP, as required by 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 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>   |        |
| If a multiple award was made for an IFB or RFP did the cooperative: (Questions 6 through 9)   |        |
| 6. Establish and communicate to the cooperative's members the 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)   | 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>   |        |

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|   | YES/NO |
|---|--------|
| 10. For contracts 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? R7-2-1032 or R7-2-1046(A)(1)   | N/A    |
| <i>Comment: N/A as all SPO cooperative contracts reviewed for FY20 had more than 1 responsive bidder.</i>   |        |
| 11. For ( 0 ) 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  | N/A    |
| <i>Comment: N/A as SPO did not issue any IFBs that resulted in a cooperative contract that school districts could use in FY 20.</i>   |        |
| 12. For ( 10 ) 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? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.) R7-2-1050 | Yes    |
| <i>Comment:</i>   |        |
| 13. If the cooperative issued solicitations for construction-manager-at-risk, design-build, or job-order-contracting contracts for 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: N/A as SPO did not award any cooperative contracts of this type in FY 20.</i>   |        |
| 14. If the cooperative contracted for 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: N/A as SPO did not use reverse auctions or electronic bidding to procure goods or information services in FY 20</i>   |        |
| 15. Did the cooperative's procurement files have signed procurement disclosure statements for all employees with job responsibilities related to each procurement and for all nonemployee consultants or technical advisors involved in each procurement process? R7-2-1008(C) and R7-2-1015  | No     |
| <i>Comment: For 2 of 10 procurement files reviewed, the files did not include all the procurement disclosure statements for all evaluation committee members for those solicitations. One file was missing 3 of 4 committee members' disclosure statements and another file was missing 2 of 4 disclosure statements.</i>   |        |
| 16. The cooperative's procurement files included applicable written determinations, as required throughout the procurement rules?   | No     |
| <i>Comment: For 1 of 10 procurement files reviewed, the file did not include an updated award determination that included the amended due date.</i>   |        |
| 17. 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(L) 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(L) and R7-2-1093   | N/A    |
| <i>Comment: N/A as SPO did not award any contracts for more than 5 years and for previously awarded contracts that required renewal or extension, documentation of renewal or extension was included in the procurement file.</i>   |        |
| 18. 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?  | Yes    |
| <i>Comment:</i>   |        |
| 19. The cooperative's procurement files included the information required by R7-2-1001(96), as applicable, and were available to cooperative members for due diligence purposes?  | Yes    |
| <i>Comment:</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 R7-2-1003 Effective for FY 2021 contracts.   | Yes    |
| <i>Comment:</i>   |        |

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|  |  | YES/NO  |
|--|--|---|
| 21. 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: N/A as the Arizona Procurement Code does not require SPO contracts 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? 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: 3/26/2021                                 |
| Preparer (audit firm representative): Megan Suzanne Smith, CPA   |  | Title: Accountability Services Division Manager |