



**ARIZONA STATE BOARD FOR CHARTER SCHOOLS**  
**PROCUREMENT COMPLIANCE QUESTIONNAIRE**

Charter/~~CTDS School~~ \_\_\_\_\_

Fiscal Year Ended \_\_\_\_\_

~~A.R.S. §15-213(F) requires schools to have a systematic review of their purchasing practices performed in conjunction with their audit. The purpose of the review is to determine whether the School is in compliance with the procurement laws. This questionnaire should be used only for schools that are subject to procurement laws (schools that do not have an exception) and should be completed in conjunction with the Legal Compliance Questionnaire or the Uniform System of Financial Records for Charter Schools Compliance Questionnaire.~~

## INSTRUCTIONS

NOTE: This questionnaire should only be used for charters that are subject to procurement laws (charters that do NOT have an exception). If a charter is subject to procurement requirements, this questionnaire should be completed in conjunction with the Legal Compliance Questionnaire or the Uniform System of Financial Records for Charter Schools Compliance Questionnaire (see audit guidelines dated \_\_\_\_\_) which are available on the Arizona State Board for Charter Schools' website <http://asbcs.az.gov>.

A.R.S. §15-213(F) requires schools to have a systematic review of their purchasing practices performed in conjunction with their audits. The purpose of this review is to determine whether the charter is in compliance with procurement laws. In order to determine whether a charter is complying with applicable procurement requirements, the auditors must complete the following Procurement Compliance Questionnaire in accordance with both the agreed upon procedures (instructions contained herein) and the attestation standards established by the American Institute of Certified Public Accountants.

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the Procurement Compliance Questionnaire in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The State Board for Charter Schools may reject questionnaires not meeting these standards.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the charter complies with the legal requirements, and the evidence must be included in the documentation.
- ◆ 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.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population.
- ◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the charter complies with the legal requirements of the question.
- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ All "No" and "N/A" answers must be adequately explained in the comments column or in an attachment. Findings must be described in sufficient detail to enable the State Board for Charter Schools to describe the finding in a letter. The description should include the number of items tested and the number of exceptions noted.
- ◆ A "Yes" answer indicates that the audit firm has determined that the charter complies with the legal requirements of the question and a "No" answer indicates the charter does not comply. However, the final determination of compliance on each question, as well as overall compliance with legal requirements, is made by the State Board for Charter Schools based on the evidence presented in the questionnaire, audit reports, resulting documentation, and any other sources.

The resulting documentation supporting the audit firm's answers to the Procurement Compliance Questionnaire must be made available on request for review by the State Board for Charter Schools. To facilitate this review, the audit firm may wish to include in the documentation a copy of the questionnaire containing references to procedures performed for each question.

| DISBURSEMENTS  | YES/NO | COMMENTS |
|--|--------|----------|
| 1. Were the responsibilities of disbursement processing (check preparation, recordkeeping, and authorization) separated among employees? If this was not possible due to the School's limited staff size, were adequate review procedures in place?  |        |          |
| 2. Were all disbursements approved by the Governing Board?   |        |          |
| 3. Did the Governing Board approve all long-term contracts before the contracts were executed?   |        |          |
| 4. Did the School ensure that sufficient cash and budget capacity was available before authorizing disbursements?  |        |          |
| 5. Were prenumbered and numerically-controlled purchase orders prepared for all school disbursements (except for exempted items such as salaries and related costs, utilities, and in-state travel) and were they approved by personnel authorized by the Governing Board before goods or services were ordered? |        |          |
| 6. If the School used blanket purchase orders, did they cover a definite time period and specify an expenditure limit?   |        |          |
| 7. Were receiving reports prepared for all goods and services received, except for exempted items? Was the date of receipt, quantity received, and signature of the recipient noted on each receiving report?  |        |          |

For Disbursements questions 8, 9, and 10, the audit firm must select and test a specified number of transactions based on the School's average daily membership (ADM) as shown in the table below. The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed.

| ADM         | SAMPLE SIZE |
|-------------|-------------|
| <1,000      | 5           |
| 1,000-5,000 | 10          |
| >5,000      | 15          |

In the parentheses provided in questions 8, 9, and 10, indicate the actual number of transactions tested. If all transactions were tested, indicate such in the "Comments" column. For question 8, at least 40 percent of the number of disbursements tested must be for purchases made through competitive sealed bids, and at least 40 percent of the number of disbursements tested must be for purchases made through competitive sealed proposals. If these 40 percent thresholds cannot be met due to an inadequate population size, the audit firm must test all disbursements made through competitive sealed bids or made through competitive sealed proposals. Of the disbursements selected above, at least one disbursement should be for traditional construction (design-bid-build), and at least one expenditure should be for construction-manager-at-risk, design-build, job-order-contracting (Question 8.b.1312), or qualified select bidders list (Question 8.d), if applicable.

|  | YES/NO | COMMENTS |
|--|--------|----------|
| 8. Based upon review of (____) disbursements (___IFBs and ___ RFPs) for the procurement of construction, materials, and services that met or exceeded the amount requiring sealed bids, set forth in A.R.S. §§15-189.02 and 41-2535(A), did the School follow the School District Procurement Rules ( <i>Arizona Administrative Code R7-2-1001 et seq</i> )? |        |          |
| a. For purchases made through competitive sealed bidding, did the School:  |        |          |
| 1) Give adequate notice of the invitation for bids (IFB)? R7-2-1022.   |        |          |
| 2) Compile and maintain a list of prospective bidders (vendors that requested to be added to a list of prospective bidders, if any)? R7-2-1023.  |        |          |
| 3) Issue the IFB at least 14 days before the time and date set for bid opening unless a shorter time was determined necessary, and did the IFB include all required information, including purchase specifications? R7-2-1024.   |        |          |
| 4) Stamp sealed bids with the time and date upon receipt and store bids unopened until the time and date set for bid opening? R7-2-1029.   |        |          |
| 5) Award 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? R7-2-1031.   |        |          |
| 6) If a multiple award <sup>1</sup> was made:  |        |          |
| a. Determine, with the specific reason(s) in writing, that a single award was not advantageous to the School?  |        |          |
| b. Maintain documentation that supported the basis for a multiple award?   |        |          |
| c. Limit contract awards to the least number of suppliers necessary to meet the requirements of the School?  |        |          |
| 7) For contracts where only one responsive bid was received: <del>determine that the price submitted was fair and reasonable, and that either other prospective bidders</del>  |        |          |

<sup>1</sup> Examples of multiple awards include:

- Incremental awards – made only if it is necessary to obtain the required quantity or delivery.
- Regional awards – made if materials or services are required in widely scattered locations or a particular requirement is of a local nature.

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| <del>had reasonable opportunity to respond or there was not adequate time for resolicitation? R7-2-1032.</del>   |  |  |
| <del>a. Determine that the price submitted was fair and reasonable, and that either other prospective bidders had reasonable opportunity to respond or there was not adequate time for resolicitation? R7-2-1032</del> |  |  |
| <del>b. Maintain documentation that supported the basis for the determination?</del>   |  |  |
| <del>8) Maintain documentation that supported the basis for the determination in 7) above?</del>   |  |  |
| b. For purchases made through competitive sealed proposals, did the School:  |  |  |
| 1) Determine, with the specific reason(s) in writing, that the use of competitive sealed bidding was either not practicable or not advantageous to the School based on criteria in R7-2-1041?                          |  |  |
| 2) Maintain documentation that supported the basis for the determination in 1) above?  |  |  |
| 3) Include all applicable factors in the request for proposals (RFP)? R7-2-1024(B) and R7-2-1042(A).   |  |  |
| 4) Give adequate notice of the RFP? R7-2-1042(C).  |  |  |
| 5) Compile and maintain a list of prospective bidders (vendors that requested to be added to a list of prospective bidders, if any)? R7-2-1023.  |  |  |
| 6) Issue the RFP at least 14 days before the closing date and time for receipt of proposals unless a shorter time was determined necessary? R7-2-1042(B).  |  |  |
| 7) Stamp sealed proposals with the time and date upon receipt and store proposals unopened until the closing date and time for receipt of proposals? R7-2-1045.  |  |  |
| 8) Award the contract to the offeror whose proposal was determined, with specific reason(s) in writing, to be most advantageous to the School based on the factors set forth in the RFP? R7-2-1050.                    |  |  |
| 9) Maintain documentation that supported the basis for the determination in 8) above?  |  |  |
| 10) If a multiple award <sup>2</sup> was made:   |  |  |

<sup>2</sup> Examples of multiple awards include:

- Incremental awards – made only if it is necessary to obtain the required quantity or delivery.
- Regional awards – made if materials or services are required in widely scattered locations or a particular requirement is of a local nature.

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| a. Determine, with the specific reason(s) in writing, that a single award was not advantageous to the School?  |  |  |
| b. Maintain documentation that supported the basis for a multiple award?   |  |  |
| c. Limit contract awards to the least number of suppliers necessary to meet the requirements of the School?  |  |  |
| 11) For contracts where only one responsive proposal was received, <del>determine that the price submitted was fair and reasonable, and that either other prospective bidders had reasonable opportunity to respond or there was not adequate time for resolicitation? R7-2-1045(C).</del>   |  |  |
| <u>a. Determine that the price submitted was fair and reasonable, and that either other prospective bidders had reasonable opportunity to respond or there was not adequate time for resolicitation? R7-2-1045(C)</u>  |  |  |
| <u>b. Maintain documentation that supported the basis for the determination?</u>   |  |  |
| <del>12) Maintain documentation that supported the basis for the determination in 11) above?</del>   |  |  |
| <del>13)12) If the School used construction-manager-at-risk, design-build, or job-order-contracting to procure construction services, did the School comply with the requirements of R7-2-1116 and, for procurements commenced after July 29, 2010, Laws 2010, Chapter 283?</del>  |  |  |
| c. If the School used an advisor(s) to assist with the specifications or procurement in specific areas, did the School comply with the requirements of R7-2-1007?  |  |  |
| d. If the School used a qualified select bidders list to procure construction services, did the School comply with the requirements of R7-2-1110?  |  |  |
| e. If the School procured goods and information services using electronic, on-line bidding, did the School comply with the requirements of A.R.S. Title 41, Chapter 23, Article 13 and the rules adopted by the Arizona Department of Administration in implementing that article (until the State Board of Education adopts rules for these procurements, after which the School should comply with those rules)? |  |  |
| f. For purchases made through the Simplified School Construction Procurement Program (R7-2-1033), did the School:  |  |  |

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| 1) Ensure that construction costs did not exceed the maximum amount specified in A.R.S. §41-2535(D)?  |  |  |
| 2) Submit solicitations to bid and all other information related to the project to all vendors included in a list maintained by the County School Superintendent?   |  |  |
| 3) Open the bids at a public opening?   |  |  |
| 4) Keep the bids confidential until the public opening?   |  |  |
| 5) Encourage competition to the maximum extent possible?  |  |  |
| 9. Based upon review of (____) purchases costing at least \$5,000 but less than \$15,000, did the School obtain and document oral price quotations from at least three vendors and follow the guidelines governing competitive purchasing below the dollar limits for sealed bids prescribed by the USFRCS?   |  |  |
| 10. Based upon review of (____) purchases costing at least \$15,000 but less than the amount requiring sealed bids, set forth in A.R.S. §§15-189.02 and 41-2535(A), did the School obtain written price quotations from at least three vendors and follow the guidelines governing competitive purchasing below the dollar limits for sealed bids prescribed by the USFRCS? |  |  |
| 11. Did the School document an analysis of the known requirements for an item or collection of items that, in the aggregate, would require the purchase of the item or items from one vendor through the use of oral quotations, written quotations, or formal competitive bids/proposals?  |  |  |
| 12. Based upon review of <u>all</u> emergency and sole source procurements:   |  |  |
| a. Did the School 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? R7-2-1057.   |  |  |
| b. Did the School retain written documentation of the Governing Board's determination that there was only one source for required materials, service, or construction items purchased through sole source procurement? R7-2-1053.   |  |  |
| 13. Were purchases under current General Services Administration contracts authorized by the Governing Board? ARS §15-213(J).   |  |  |
| 14. Did the Governing Board determine in writing that all of the criteria listed in A.R.S. §15-213(J) applied to a General Services Administration contract before authorizing purchases under the contract?  |  |  |

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| <p>15. Did the School perform adequate due diligence for each cooperative the School purchased through during the audit period to help ensure that those purchases were in compliance with the School District Procurement Rules? (<b>Note:</b> Indicate below each cooperative the School purchased through and indicate in the “YES/NO” column whether due diligence was adequate.)</p> <p>Cooperative:</p> <p>_____</p> <p>_____</p> <p>_____</p> |  |  |
| <p>16. Were cash disbursements made by prenumbered and numerically controlled checks?</p>  |  |  |
| <p>17. Were checks properly completed prior to issuance and not written payable to cash or bearer?</p>   |  |  |
| <p>18. Were unused checks physically safeguarded and access to them limited to authorized personnel who did not have access to the signature facsimile plates?</p>   |  |  |
| <p>19. Were the signature facsimile plates physically safeguarded and access to them limited to a minimum number of employees who did not have access to the blank checks?</p>   |  |  |
| <p>20. Did the accounts payable function include maintaining documentation and matching receiving reports, vendor invoices, and purchase orders before payment?</p>  |  |  |
| <p>21. Were checks compared to supporting documentation and the check register before distribution?</p>  |  |  |
| <p>22. Was supporting documentation, including invoices, stamped “paid” or otherwise marked to prevent duplicate payments?</p>   |  |  |
| <p>23. Were expenses prepaid only when prepayment is normally required to procure the item or the item must be prepaid to receive a discounted price?</p>  |  |  |
| <p>24. Did the School prepare a list of goods or services received but not paid for on or before fiscal year-end?</p>  |  |  |



This Questionnaire was completed in accordance with ~~the standards set forth on Page 2 and with the~~ minimum ~~audit~~ standards as set forth in the ~~“Instructions”~~instructions on page 2 in the Legal Compliance Questionnaire or USFRCS Compliance Questionnaire.

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Audit Firm

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Date

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Preparer's Signature (Audit Firm Representative)

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Title

DRAFT