



ARIZONA STATE BOARD FOR CHARTER SCHOOLS
PROCUREMENT COMPLIANCE QUESTIONNAIRE

Charter/CTDS _____

Fiscal Year Ended _____

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) which are available on the Arizona State Board for Charter Schools' website <https://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.

Procurement Compliance Questionnaire¹

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?		

¹ For the purposes of this questionnaire, please note that "Governing Body" means the group of persons required by A.R.S. §15-183(E)(8) that is responsible for policy decisions of the charter school. The term "Governing Board" means the group of persons that the charter holder has assigned the responsibility addressed by the question. The applicable group of persons may be the Governing Body or the officers, directors, members or partners of the charter holder. The applicable group of persons may vary depending on the issue addressed by the question.

For Disbursements questions 8, 10, and 11, the audit firm must select and test a specified number of procurements performed during the fiscal year based on the School’s average daily membership (ADM) as shown in the table below. Auditors should consider multiple transactions with vendors, purchases of like items, and multi-year contracts to determine the appropriate level of competitive purchasing required. However, question 8 should be answered only for contracts awarded during the fiscal year.

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, 10, and 11, indicate the actual number of procurements tested. If all procurements were tested, indicate such in the “Comments” column. For question 8, at least 40 percent of the number of procurements tested must be for purchases made through competitive sealed bids and at least 40 percent of the number of procurements 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 procurements made through competitive sealed bids or made through competitive sealed proposals. Of the procurements selected above, at least one procurement should be for traditional construction (design-bid-build), and at least one procurement should be for qualified select bidders list (Question 8.d), or construction-manager-at-risk, design-build, job order contracting (Question 8.e), if applicable.

	YES/NO	COMMENTS
8. Based upon review of (____) procurements [__competitive sealed bids and __competitive sealed proposals] for the procurement of construction, materials, and services that exceeded \$100,000, did the school follow the School District Procurement Rules (R7-2-1001 et seq):		
a. For purchases made through competitive sealed bidding or competitive sealed proposals, did the school:		
1) Give adequate notice of the invitation for bid (IFB) or request for proposal (RFP)? R7-2-1022 or R7-2-1042(C).		
2) Compile and maintain a list of persons who requested to be added to a list of prospective bidders, if any? R7-2-1023.		
3) Issue the IFB or RFP at least 14 days before the time and date set for bid opening or the closing date and time for receipt of proposals, as applicable, unless a shorter time was determined necessary? R7-2-1024(A) or R7-2-1042(B).		

<p>4) Include all required information in the IFB or RFP? (Note: If the answer is “No”, the “Comments” should specifically indicate which requirements were not complied with.) R7-2-1024(B) or R7-2-1042(A).</p>		
<p>5) Stamp sealed bids or proposals with the time and date upon receipt and store bids or proposals unopened until the time and date set for opening? R7-2-1029 or R7-2-1045.</p>		
<p>6) If a multiple award was made for the IFB or RFP did the school:</p>		
<p>i. Establish and follow procedures for the use of multiple award contracts? R7-2-1031(D) and R7-2-1050(C).</p>		
<p>ii. Include in the solicitation(s) notification that multiple contracts may be awarded, the school’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).</p>		
<p>iii. Determine, with the specific reason(s) in writing, that a single award was not advantageous to the school and retain documentation that supported the basis for the multiple award? R7-2-1031(D) and R7-2-1050(C).</p>		
<p>iv. Limit contract awards to the least number of suppliers necessary to meet the school’s requirements? R7-2-1031(D) and R7-2-1050(C).</p>		
<p>7) For contracts where only one 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).</p>		

<p>b. For purchases made through competitive sealed bidding, did the school 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? (Note: If the answer is “No”, the “Comments” should specifically indicate which requirements were not complied with.) R7-2-1031.</p>		
<p>c. For purchases made through competitive sealed proposals, did the school 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 and retain documentation that supported the basis for the determination? (Note: If the answer is “No”, the “Comments” should specifically indicate which requirements were not complied with.) R7-2-1050.</p>		
<p>d. If the school used a qualified select bidders list to procure construction services, did the school comply with the requirements of R7-2-1101?</p>		
<p>e. 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 R7-2-1102 through R7-2-1115?</p>		
<p>f. If the school procured goods and information services using reverse auctions or electronic bidding, did the school comply with the requirements of R7-2-1018, R7-2-1021 or R7-2-1041?</p>		
<p>g. For purchases made through the Simplified School Construction Procurement Program, did the school follow the requirements of R7-2-1033? (Note: If the answer is “No”, the “Comments” should specifically indicate which requirements were not complied with.)</p>		
<p>h. If the school used a consultant(s) or advisory group(s) to assist with the specifications or procurement in specific areas, did the school comply with the requirements of R7-2-1008?</p>		
<p>9. Did the school have signed conflict of interest disclosures filed for any employee or non-employee evaluation committee members? R7-2-1008 and R7-2-1015.</p>		
<p>10. Based upon review of (____) purchases costing at least \$10,000 but less than \$50,000, did the school obtain and document oral price quotations from at least three vendors and follow the guidelines for oral price quotations prescribed by the USFRCS?</p>		

11. Based upon review of (____) purchases costing at least \$50,000 but less than \$100,000, did the school obtain written price quotations from at least three vendors and follow the guidelines for written price quotations prescribed by the USFRCS?		
12. If the school used multi-term contracts for any of the procurements tested in question 8:		
a. Were the terms and conditions of renewal or extension, if any, included in the solicitation for bids or proposals, and were monies available for the first fiscal year at the time of contracting? A.R.S. §15-213(K) and R7-2-1093.		
b. For materials or services and contracts for job-order-contracting construction services that were entered into for more than 5 years, did the Governing Board determine in writing that a contract of a longer duration would be advantageous to the school before the procurement solicitation was issued? A.R.S. §15-213(K) and R7-2-1093.		
13. Based upon review of <u>all</u> emergency and sole source procurements:		
a. Was the basis for each emergency procurement reasonable and did the school retain a written statement 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? R7-2-1055 and R7-2-1056.		
b. Was the basis for the sole source procurement reasonable and did the school retain the Governing Board’s written determination that there was only one source for required materials, service, or construction items purchased? R7-2-1053.		
14. Were purchases under current General Services Administration (GSA) contracts authorized by the Governing Board and limited to items included in contracts on GSA schedule 70-IT and schedule 84-Law Enforcement?		
15. Did the Governing Board determine in writing that all of the criteria listed in A.R.S. §15-213(J) applied before authorizing purchases under a GSA contract?		
16. Did the school maintain a current cooperative purchasing agreement for each cooperative used? R7-2-1191 through R7-2-1195.		
17. Did the school perform adequate due diligence for each cooperative the school made purchases through during the audit period to help ensure that those purchases were in compliance		

<p>with the School District Procurement Rules? (Note: Indicate below each cooperative the school purchased through and whether due diligence was adequate.)</p> <p>Cooperative:</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p>
<p>18. Were cash disbursements made by prenumbered and numerically controlled checks?</p>		
<p>19. Were checks properly completed prior to issuance and not written payable to cash or bearer?</p>		
<p>20. 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>21. 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>22. Did the accounts payable function include maintaining documentation and matching receiving reports, vendor invoices, and purchase orders before payment?</p>		
<p>23. Were checks compared to supporting documentation and the check register before distribution?</p>		
<p>24. Was supporting documentation, including invoices, stamped “paid” or otherwise marked to prevent duplicate payments?</p>		
<p>25. 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>26. 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 minimum standards as set forth in the instructions on page 2.

 Audit Firm

 Preparer’s Signature (Audit Firm Representative)

 Date

 Title