

Review of the July 2009 USFR Compliance Questionnaire as Applied to Mohave Contracts

Mohave has reviewed the procurement practices portion of the July 2009 revision to the USFR Compliance Questionnaire and provided information that should assist members in performing due diligence reviews.

EXPENDITURES	MOHAVE RESPONSE
1. Were the responsibilities of expenditure processing (voucher preparation, recordkeeping, and authorization) separated among employees? If this was not possible due to the District's limited staff size, were adequate review procedures in place?	N/A. Member item.
2. Did the Governing Board obtain voter approval for the construction of buildings and purchase of school sites unless otherwise exempted by A.R.S. §15-342(25)?	N/A. Member item.
3. Did the Governing Board ensure that sufficient cash was available in cash-controlled funds and budget capacity was available in budget-controlled funds, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916 before authorizing expenditures from them?	N/A. Member item.
4. Were prenumbered and numerically-controlled purchase orders prepared for all District expenditures (except for exempted items such as salaries and related costs, utilities, and in-state travel, or when a written contract was otherwise prepared), and were they approved by personnel authorized by the Governing Board before issuance to vendors?	N/A. Member item.
5. Were purchase orders prepared before the goods or services were received?	N/A. Member item.
6. If the District used blanket purchase orders, did they cover a definite time period and specify an expenditure limit?	N/A. Member item.
7. Based upon review of (____) expenditures [___ invitation for bids (IFB's) and ___ requests for proposals (RFP's)] for the procurement of construction, materials, and services that met or exceeded the amount requiring sealed bids, as calculated by the Arizona State Board of Education (ASBE) in accordance with A.R.S. §15-213, did the District follow the School District Procurement Rules (R7-2-1001 et seq)?	
a. For purchases made through competitive sealed bidding, did the District:	
1) Give adequate notice of the IFB? R7-2-1022	Mohave complies. More than 4 vendors does not require newspaper ad. See bidders list to confirm more than 4 vendors. Bidders list included in online contract pkg.
2) Compile and maintain a list of prospective bidders (that requested to be added to a list of prospective bidders, if any)? R7-2-1023	Bidders list is maintained. Copy in online contract pkg.

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<p>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</p> <p><i>R7-2-1024 requirements are copied from the Cooperative Compliance Questionnaire:</i></p> <p><i>(a) The purchase description and specifications, including the estimated volume of purchases for the cooperative's members.</i></p> <p><i>(b) Delivery and performance schedule</i></p> <p><i>(c) Inspection and acceptance requirements</i></p> <p><i>(d) Contract terms and conditions</i></p> <p><i>(e) The closing date and time of bid receipt</i></p> <p><i>(f) Address where bids are to be sent</i></p> <p><i>(g) Time and date of bid opening</i></p> <p><i>(h) Notice that all bids will be available for public inspection after contract award</i></p> <p><i>(i) Factors to be used in bid evaluations</i></p> <p><i>(j) Bonding and warranty requirements</i></p> <p><i>(k) The name of the cooperative representative</i></p> <p><i>(l) The special requirements if procuring information or telecommunications systems, or earth moving, material-handling, road maintenance, or construction equipment</i></p>	<p>IFB issued more than 14 days before the time and date set for bid opening. See cover page of IFB for date of issue and due date for bids. Copy of IFB included in online contract pkg.</p> <p><i>(a) Special Ts & Cs and Specifications & Scope of Work, including historical volume of purchases and any projected increase.</i></p> <p><i>(b) General Ts & Cs, pg 6; Special Ts & Cs as needed</i></p> <p><i>(c) General Ts & Cs, pg 18</i></p> <p><i>(d) General Ts & Cs, pgs 4-18 (Standard Ts & Cs for Construction when applicable; Special Ts & Cs</i></p> <p><i>(e) Pgs 1 & 3</i></p> <p><i>(f) Page 1</i></p> <p><i>(g) Pgs 1 & 3</i></p> <p><i>(h) General Ts & Cs, pg 5</i></p> <p><i>(i) General Ts & Cs, pg 7</i></p> <p><i>(j) General Ts & Cs; Standard Ts & Cs for Construction; Special Ts & Cs as needed</i></p> <p><i>(k) General Ts & Cs, pg 15</i></p> <p><i>(l) General Ts & Cs, pg 7 & Appendices E & F. No contracts for earth moving, material-handling, road maintenance, or construction equipment.</i></p>
<p>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</p>	<p>Bids are time and date stamped, and logged upon receipt. Bids are stored unopened until opening. Copy of log included in online contract pkg.</p>
<p>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</p>	<p>Contract(s) awarded to low responsive and responsible bidder(s). IFB evaluation criteria are basis of award. Award recommendation & supporting documentation included in online contract pkg.</p>

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6) If a multiple award ¹ was made, determine, with the specific reason(s) in writing, that a single award was not advantageous to the District?	Multiple awards are substantiated & documented.
a) Maintain documentation that supported the basis for a multiple award?	Documentation maintained in procurement file. Copy is included in online contract pkg.
b) Limit contract awards to the least number of suppliers necessary to meet the requirements of the District?	Contracts awarded to least number of vendors determined necessary to meet requirements of members.
7) For contracts where only one responsive bid was received, 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	Mohave complies. Written determination prepared to substantiate any award for a single proposal.
8) Maintain documentation that supported the basis for the determination in 7) above?	Written determination maintained in procurement file, and included in online contract pkg.
b. For purchases made through competitive sealed proposals, did the District:	
<p>1) Determine that the use of competitive sealed bids was either not practicable or not advantageous to the District based on one or more of the criteria in R7-2-1041.</p> <p><i>From the Cooperative Compliance Questionnaire, determine, with the specific reason(s) in writing that the use of competitive sealed bids was either not practicable or advantageous to the cooperative's members because it was necessary to:</i></p> <p>(a) <i>Use a contract other than a fixed-price type</i></p> <p>(b) <i>Conduct oral or written discussions with offerors concerning technical and price aspects of their proposals</i></p> <p>(c) <i>Afford offerors an opportunity to revise their proposals</i></p> <p>(d) <i>Compare the different price, quality, and contractual factors of the proposals submitted</i></p> <p>(e) <i>Award a contract in which price was not the determining factor</i></p>	<p>RFP determinations are prepared prior to the use of competitive sealed proposals.</p> <p><i>Items a-e are addressed in RFP determinations.</i></p>
2) Maintain documentation that supported the basis for the determination in 1) above?	Written RFP determinations maintained by Mohave and included in online contract documentation.

¹ Examples of multiple awards include—

- Incremental awards—made only if it is necessary to obtain the required quantity or delivery terms.
- 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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<p>3) Include all applicable factors in the (RFP)? R7-2-1042(A)</p> <p><i>R7-2-1042(A) factors are from the Cooperative Compliance Questionnaire:</i></p> <p>(a) <i>The type of services required and a description of the work involved, including the estimated volume of purchases for the cooperative's members</i></p> <p>(b) <i>Delivery and performance schedule</i></p> <p>(c) <i>Inspection and acceptance requirements</i></p> <p>(d) <i>The type of contract to be used</i></p> <p>(e) <i>Contract terms and conditions</i></p> <p>(f) <i>The estimated duration that services will be required</i></p> <p>(g) <i>That cost or pricing data is required</i></p> <p>(h) <i>That offerors may designate portions of the proposals as proprietary</i></p> <p>(i) <i>That discussions may be conducted</i></p> <p>(j) <i>The minimum information that the proposal shall contain</i></p> <p>(k) <i>The closing date and time of proposal receipt</i></p> <p>(l) <i>Address where proposals are to be sent</i></p> <p>(m) <i>Time and date of proposal opening</i></p> <p>(n) <i>Notice that all proposals will be available for public inspection after contract award</i></p> <p>(o) <i>The relative importance of price and other evaluation factors</i></p> <p>(p) <i>Bonding and warranty requirements</i></p> <p>(q) <i>The name of the cooperative representative</i></p> <p>(r) <i>The special requirements if procuring information or telecommunications systems, or earth moving, material-handling, road maintenance, or construction equipment</i></p>	<p>Applicable factors are included in the RFP. Copy of RFP included in online contract pkg.</p> <p>(a) <i>Pg 1 & Special Ts & Cs and Specifications & Scope of Work, including historical volume of purchases and any projected increase.</i></p> <p>(b) <i>General Ts & Cs, pg 6; Special Ts & Cs</i></p> <p>(c) <i>General Ts & Cs, pg 18</i></p> <p>(d) <i>General Ts & Cs, pg 8</i></p> <p>(e) <i>General Ts & Cs (pgs 4-18 or 19, depending on date of issue); Special Ts & Cs</i></p> <p>(f) <i>General Ts & Cs, pg 18</i></p> <p>(g) <i>See R7-2-1079-C</i></p> <p>(h) <i>General Ts & Cs, pg 5</i></p> <p>(i) <i>General Ts & Cs, pg 5</i></p> <p>(j) <i>Pg 3 & General Ts & Cs, pgs 12-13</i></p> <p>(k) <i>Pgs 1 & 3</i></p> <p>(l) <i>Pg 1</i></p> <p>(m) <i>Pg 1</i></p> <p>(n) <i>General Ts & Cs, pg 5</i></p> <p>(o) <i>General Ts & Cs, pg 7</i></p> <p>(p) <i>Special Ts & Cs, as needed</i></p> <p>(q) <i>General Ts & Cs (pg 15 or 16 depending on date of issue)</i></p> <p>(r) <i>General Ts & Cs, pg 7; Appendices E & F. Mohave does not contract for earth moving, material-handling, road maint, or construction equipment.</i></p>
<p>4) Give adequate notice of the RFP? R7-2-1042(C)</p>	<p>Mohave complies. More than 4 vendors does not require newspaper ad. See bidders list to confirm more than 4 vendors. Bidders list included in online contract pkg.</p>

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<p>5) Compile and maintain a list of prospective bidders (that requested to be added to a list of prospective bidders, if any)? R7-2-1023</p>	<p>Bidders list maintained and used for all categories. Copy of bidders list included in online contract pkg.</p>
<p>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)</p>	<p>RFP issued more than 14 days before the time and date set for opening. See cover page of RFP for date of issue and due date for proposals. Copy of RFP included in online contract pkg.</p>
<p>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</p>	<p>Proposals are time and date stamped, and logged upon receipt. Proposals are stored unopened until opening. Log included in online contract pkg.</p>
<p>8) Award the contract to the offeror whose proposal was determined, with specific reason(s) in writing, to be most advantageous to the District based on the factors set forth in the RFP? R7-2-1050</p>	<p>Contracts awarded to the offeror(s) whose proposal(s) are determined most advantageous. RFP evaluation criteria are basis of award.</p>
<p>9) Maintain documentation that supported the basis for the determination in 8) above?</p>	<p>Award recommendation & supporting documentation are included in online contract pkg.</p>
<p>10) If a multiple award was made, determine, with the specific reason(s) in writing, that a single award was not advantageous to the District?</p>	<p>Multiple awards are substantiated & documented.</p>
<p>a) Maintain documentation that supported the basis for a multiple award?</p>	<p>Documentation maintained in procurement file. Award recommendation & supporting documentation included in online contract pkg.</p>
<p>b) Limit contract awards to the least number of suppliers necessary to meet the requirements of the District?</p>	<p>Contracts awarded to least number of vendors determined necessary to meet requirements of members.</p>
<p>11) For contracts where only one responsive proposal was received, 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)</p>	<p>Mohave complies. Written determination prepared to substantiate any award for a single proposal.</p>
<p>12) Maintain documentation that supported the basis for the determination in 11) above?</p>	<p>Written determination maintained in procurement file. Copy included in online contract pkg.</p>
<p>13) If the District used construction-manager-at-risk, design-build, or job-order-contracting to procure construction services, did the District comply with the requirements R7-2-1116?</p>	<p>JOC contracts established before R7-2-1116. The contracts comply with Title 41, Chapter 23. All other JOC contracts comply with R7-2-1116. Copies of substantiating documentation are included in online contract pkg.</p>

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<p>c. If the District used a qualified select bidders list to procure construction services, did the District comply with the requirements of R7-2-1110?</p>	<p>N/A. Mohave does not contract under this methodology.</p>
<p>d. If the District procured goods and information services using electronic, on-line bidding, did the District comply with the requirements of Title 41, Chapter 23, Article 13 and the rules adopted by the Arizona Department of Administration (ADOA) in implementing that article (until ASBE adopts rules for these procurements, after which the District should comply with those rules)?</p>	<p>N/A. Mohave does not contract under this methodology.</p>
<p>e. For purchases made through the Simplified School Construction Procurement Program (R7-2-1033), did the District:</p>	
<p>1) Ensure that construction costs did not exceed the maximum amount specified in A.R.S. §15-213(A)(2)?</p>	<p>N/A. Mohave does not contract under this methodology.</p>
<p>2) Submit solicitations to bid and all other information related to the project to all vendors included in a list maintained by the CSS?</p>	<p>N/A. Mohave does not contract under this methodology.</p>
<p>3) Open the bids at a public opening?</p>	<p>N/A. Mohave does not contract under this methodology.</p>
<p>4) Keep the bids confidential until the public opening?</p>	<p>N/A. Mohave does not contract under this methodology.</p>
<p>5) Encourage competition to the maximum extent possible?</p>	<p>N/A. Mohave does not contract under this methodology.</p>
<p>Complete question 8 if the District acted as the lead district (i.e., obtained bids/proposals) in a purchasing cooperative.</p>	
<p>8. Based upon review of at least <u>2</u> purchases in question 7 for which the District was the lead District in a procurement for a group of districts, or by selecting additional lead district procurements that total <u>2</u>, did the District follow the procurement procedures required for competitive sealed bidding or competitive sealed proposals, as applicable, and take into consideration the total estimated volume of purchases for all districts in the group?</p>	<p>See responses above for procedures. Estimates of volume provided in the introduction for each procurement category in the IFB/RFP. Copy of IFB/RFP included in online contract pkg.</p>
<p>9. Did the District refrain from purchasing goods or services using another district's or cooperative's contract in which it was not a part of the original invitation/request where the additional purchase by the District would have materially increased the estimated volume stated in the original invitation/request?</p>	<p>This is a member determination. IFB/RFP indicates that all Mohave members are eligible to purchase under the contract. Copy of IFB/RFP included in online contract pkg.</p>
<p>10. Based upon review of (____) purchases costing at least \$5,000 but less than \$15,000, did the District obtain and document oral price quotations from at least 3 vendors and follow the guidelines governing competitive purchasing below the dollar limits for sealed bids prescribed by the USFR?</p>	<p>N/A. Mohave contracts procured through formal sealed bid or proposal.</p>
<p>11. Based upon review of (____) purchases costing at least \$15,000 but less than the amount requiring sealed bids, as calculated by the Arizona State Board of Education in accordance with A.R.S. §15-213, did the District obtain written price quotations from at least 3 vendors and follow the guidelines governing competitive purchasing below the dollar limits for sealed bids prescribed by the USFR?</p>	<p>N/A. Mohave contracts procured through formal sealed bid or proposal.</p>

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12.	Did the District document an analysis of the known requirements for an item or a collection of items that, in the aggregate, would require the purchase of the item or items through the use of oral quotations, written quotations, or formal competitive bids/proposals?	N/A. Mohave contracts procured through formal sealed bid or proposal.
13.	Based upon review of all emergency and sole source procurements:	
a.	Did the District 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	N/A. Mohave does not contract for members under the emergency purchase provisions.
b.	Did the District 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? (For sole source procurements below the bidding threshold, the District may follow the guidelines in #10 and #11 above or the requirements for sole source outlined in R7-2-1053)	N/A. Mohave does not contract for members under the sole source provisions.
14.	Were purchases under current General Services Administration (GSA) contracts authorized by the Governing Board?	N/A. Mohave does not contract under this methodology.
15.	Did the Governing Board determine in writing that all of the criteria listed in A.R.S. §15-213(J) applied to a GSA contract before authorizing purchases under the contract?	N/A. Mohave does not contract under this methodology.
16.	Did the District perform due diligence on at least a sample of purchases it made through each cooperative the District participated in during the audit period to help ensure that those purchases were in compliance with the School District Procurement Rules? (Note: The Comments section should clearly state the number of cooperatives and contracts used by the district and tested by the audit firm.)	Mohave's website (www.mesc.org) provides information needed to perform due diligence reviews.

Cooperative	# of Contracts Used	# District Reviewed Contracts	# Contracts Tested by Audit Firm

17.	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?	N/A. Member item.
18.	Did the accounts payable function include maintaining documentation and matching receiving reports, vendor invoices, and purchase orders before payment?	N/A. Member item.
19.	Did the Governing Board establish and maintain formal, written policies in accordance with USFR pages VI-G-7 and 8 governing the use of credit cards?	N/A. Member item.

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<p>For question 20, the audit firm must judgmentally select at least 3 monthly credit card statements (from different cards/accounts, if the district has more than 1 card/account) and scan the statements for unusual or inappropriate purchases. Then judgmentally select at least 5 individual transactions in total to review from the statements selected above (in addition to any unusual or inappropriate purchases noted above).</p>	
20. Based on a scan of the statements and a review of the judgmentally selected credit card transactions, were credit card purchases only for expenditures requiring immediate payment, for authorized school purposes, within the dollar limits set by the Governing Board, and supported by appropriate receipts that clearly identify the employee making the purchase? (Note: If the answer is No, the Comments should clearly indicate which of the above requirements were not complied with.)	N/A. Member item.
21. If the District used procurement cards, were policies and procedures in place to monitor transactions and identify misuse (including ensuring transactions were for authorized school purposes, within dollar limits set by the Governing Board, and limited to applicable vendors)?	N/A. Member item.
<p>For question 22, the audit firm must judgmentally select at least 3 monthly procurement card statements (from different cards/accounts, if the District has more than 1 card/account) and scan the statements for unusual or inappropriate purchases, or purchases not made within the District's policies and procedures. Then judgmentally select at least 5 individual transactions in total to review from the statements selected above (in addition to any unusual or inappropriate purchases noted above).</p>	
22. Based on a scan of the statements and a review of the judgmentally selected p-card transactions, were p-card expenditures only for authorized school purposes, within dollar limits set by the Governing Board, limited to applicable vendors, and supported by appropriate receipts that clearly identify the employee making the purchase? (Note: If the answer is No, the Comments should clearly indicate which of the above requirements were not complied with.)	N/A. Member item.
23. Were warrants compared to the applicable voucher and warrant register before distribution?	N/A. Member item.
24. Were vouchers and supporting documentation including invoices stamped "paid" or otherwise marked to help prevent duplicate payments?	N/A. Member item.
25. Did the District prepare, for all levy funds, a list of liabilities by fund and program for goods or services received but not paid for by that date and file an Advice of Encumbrance based on the list with the CSS by July 18?	N/A. Member item.
26. Was the amount encumbered on the Advice of Encumbrance for each levy fund equal to or less than the fund's unexpended budget balance?	N/A. Member item.
27. Did the District expend extracurricular activities fees tax credit monies only for activities that qualify as eligible activities under A.R.S. §§43-1089.01 and 15-342(24) [i.e., is the activity <u>school sponsored</u> , for <u>enrolled students</u> , <u>educational</u> , <u>optional</u> , and <u>noncredit</u> ; and does the school <u>charge a fee</u> for the activity?]	N/A. Member item.

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28. If the District used building renewal monies for routine preventative maintenance,	
a. Did the expenditures meet the definition of “routine preventative maintenance” as defined in A.R.S. §15-2031?	N/A. Member item.
b. Did the District limit spending out of the Building Renewal Fund for routine preventative maintenance to 8 percent of the building renewal amount calculated in A.R.S. §15-2031(G)?	N/A. Member item.
c. Did the District use the monies to supplement and not supplant expenditures from other funds for the maintenance of school buildings?	N/A. Member item.
29. If the School Facilities Board found the District’s facilities were inadequately maintained pursuant to the District’s routine preventative maintenance guidelines, did the District use Building Renewal monies pursuant to A.R.S. §15-2031 to return the facilities to compliance with the guidelines?	N/A. Member item.
30. Did the District deposit monies received from a Joint Technological Education District (JTED) into a separate fund and expend the monies from that fund only for vocational education?	N/A. Member item.
31. Did the District use monies received from a Joint Technological Education District (JTED) to supplement, rather than supplant, its base year vocational education spending (see USFR Memorandum No. 219 for guidance on determining JTED supplanting.)?	N/A. Member item.

JTP