

DRAFT

Appendix D: Contract/Procurement Questionnaire (Entity)

This questionnaire should not be viewed as a limitation on the questions to be asked, but as a starting point to review procurements. The auditor should collect and review relevant documentation supporting the entity official's answers to these questions. Auditor judgment should be used to determine: 1) whether questions should be added or deleted; 2) appropriate follow-up questions; and 3) what supporting documentation to obtain.

Procurement/Purchasing

Does a written procurement policy exist covering competitive bidding, when required, and procedures to obtain the best possible price for items or services not subject to competitive bidding (i.e. competitive negotiation, small purchases)?

Is there adequate segregation of duties in that different employees are responsible for purchasing and voucher approval?

Are pre-numbered purchase orders used for all items acquired? Is there satisfactory evidence documenting the receipt of all purchased items?

Are purchase orders controlled and accounted for by pre-numbering and keeping a register?

What controls have been established over incoming vendor invoices?

Are charges for services supported by evidence of performance by individuals other than the individuals maintaining the payables?

Are extensions on invoices checked by accounts payable personnel?

Is the program and/or activity to be charged entered on the invoices?

Are checks adequately cross referenced to vouchers and are vouchers canceled to avoid duplicate payments?

Are the duties related to receipt of cash adequately segregated from the duties related to accounts payable?

Is the accounts payable account reconciled to outstanding vouchers' invoices on a monthly basis?

Property Acquisition

What are the entity's procedures for ensuring the purchase price is reasonable? Are independent appraisals obtained? Are comparable properties identified and their sales or asking prices compared?

Does the entity order inspections to identify defects or necessary repairs?

Who is authorized to approve the acquisition?

DETAIL RESULTS:

Contract Review

For each contract, collect the following information:

1. Contractor:

2. Type of contract:
3. Based on the information in file, what type of procurement method did the entity follow: sealed bids, competitive proposal or noncompetitive proposals¹?
4. Was this the appropriate method?
5. Description of contract (include date of contract):
6. Amount:
7. Did the Authority properly advertise for the contract?
8. Did the Authority perform an independent cost estimate?
9. Does the entity have sufficient records to detail the history of the procurement being reviewed?
10. Do the files indicate that there was full and open competition?
11. Does a written and executed contract exist?
12. Does the contract contain a schedule for payments?
13. If required, did HUD or Board of Commissioners approved?
14. For construction contracts over \$100,000, were performance and payment bonds obtained?
15. Did the contracts include the following clauses:
 - a. Administrative remedies for breach: (contracts over \$25,000)

¹ See addendum for specific questions regarding procurement methods.

- b. Termination for cause (all contracts \$10,000 or more)
- c. Equal employment opportunity provisions (all construction contracts \$10,000 or more)
- d. Anti-kickback act (all construction and repair contracts)
- d. Davis-Bacon Act (all construction contracts greater than \$2,000)
- e. Contract Work Hours and Safety Standards Act (all construction contracts in excess of \$2,000)
- f. Access and retention requirements of records pertaining to contract (all):
- g. Compliance with clean air, water and EPA requirements (construction in excess of \$100,000.)
- h. Mandatory standards and policies on energy efficiency:

16. Percent of contract paid _____ Percent of contract performed _____

17. Date of Review

Change Orders, if applicable

1. Dates and amounts of change order(s).
2. Description of change order.
3. Reason why a change order(s) was (were) needed.
4. If the total amount of the change order(s) was added to the contract amount it would NOT change the procurement method used?
5. Did the Authority perform an analysis to determine the reasonableness of the change order(s) amount(s)?
6. Were the change order(s) properly approved?
7. Is the change order in writing?

8. Does the justification for the change order(s) appear to be reasonable and work not included in the original contract?

Addendum – Procurement Questionnaire

COMPLETE THE FOLLOWING FOR SEALED BID PURCHASES

1. Number of bidders.
2. Did the entity review the low bid for responsiveness?
3. If the entity rejected the low bid, why?
4. Did the entity compare the bids to price/cost analysis or perform similar to determine reasonableness?
5. Did the entity retain all bids and a bid tabulation?
6. Summary: Based upon documentation in the file, was there adequate competition?

COMPLETE THE FOLLOWING FOR COMPETITIVE PROPOSALS

1. Number of respondents.
2. Did the RFP contain all evaluation factors and their weighted importance?
3. Is the basis of the award documented?
4. Did the entity maintain all proposals?
5. Summary: Based upon documentation in the file, was there adequate competition?

COMPLETE THE FOLLOWING FOR NONCOMPETITIVE PROPOSALS

1. If a noncompetitive proposal, was the necessity documented? Does the documentation meet HUD requirements? (24 CFR 85.36 (d)(4)) or entity requirements?