

Centralized Purchasing Questionnaire

Internal Control Questionnaire

Question	Yes	No	N/A	<u>Remarks</u>
<p><i>Accounting for expenditures is a critical activity in any university. Universities have unique requirements relating to the purchasing cycle (i.e., purchasing, receiving, accounts payable, and cash disbursements) due to budgetary reporting needs, the various fund types, and statutory compliance requirements related to disbursing public monies. Internal control must be established to ensure that procurement practices are consistent with sound business practices and legal requirements. Controls must also provide reasonable assurance that transactions are properly authorized, accurately classified, recorded on a timely basis and at correct amounts.</i></p>				
General				
1. Are policies and procedures relevant to the purchasing cycle current and in writing?				
2. Are these policies and procedures clearly stated and systematically communicated?				
3. Do these policies and procedures support internal control?				
Purchasing				
1. Does ASU adhere to the Arizona Procurement Rules and Regulations with approved Board revisions? If not, is the entity exempted from complying with the State's policy? If so, is the entity's purchasing policy in writing and properly approved by the governing body?				
2. When preparing a Departmental Limited Value Purchase Order (PDLVPO), do procedures exist to ensure that the best combination of quality, total price, and delivery is obtained?				

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3. *If the university is not exempted from complying with the State's policy:				
a. Are all purchases made from State contracted vendors?				
b. Does the university utilize competitive bidding as required by the Arizona Procurement Rules and Regulations when purchases on state contract are not practical?				
c. Is vendor selection and contract formation performed by State purchasing for all the entity's purchases in excess of its level of delegated purchasing threshold?				
4. *Does the purchasing agent/buyer make every effort to obtain at least three bona fide bids for each order in accordance with state and/or university policy?				
a. Less than \$5,000 - no bid required.				
b. \$5,000 to \$25,000- buyer discretion and must be small business, unless impractical (PUR 305-01).				
c. \$25,000 to \$50,000 - informal bids required and must be small business, unless impractical (PUR 305-02).				
d. Greater than \$50,000 - request for proposal/sealed bids (PUR 306-01).				
5. *Is splitting orders to avoid higher levels of approval prohibited?				
6. *Are all expenditures approved by the appropriate levels of management?				
a. Are approvals required from authorized individuals in the requesting department/division?				
b. Does purchasing compare approval on purchase orders/requisitions with signature/approval lists of personnel authorized to approve them for the related department/division (ORG1 screen in ADV & PUR 202)?				

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c. Is additional review or special approval required for expenditures exceeding a specific dollar limit? (Specify dollar limit.)				
7. Are the persons responsible for approving the requisitioning of goods and/or negotiating contract separate from those involved in reconciling Advantage reports?				
8. *Are those individuals authorized to initiate capital asset transactions identified and is there a clear definition of the limits of their authority?				
9. *Are price lists and other appropriate records of price quotations maintained by the purchasing department?				
10. If construction contracts are to be awarded, are bid and performance bonds considered?				
11. *Is a record maintained of bids requested and received, and are written explanations required in instances where bids were not requested or where the purchase was made from other than the lowest bidder?				
12. *Does management monitor and review unusual or significant operating, capital, and professional expenditures?				
13. *Do controls exist over changes to master vendor files such as requiring preparation of specific forms indicating data to be changed, approval by a supervisor in the user department, and verifying against a printout of changes?				
14. Does the university have a centralized purchasing system?				
15. *Is the purchasing function separate from the accounting and receiving functions?				
16. Is leasing in accordance with statutory regulations?				
17. *Are purchase requisitions:				
a. Required for all purchases of goods and services?				

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b. Approved by officials designated to authorize requisitions?				
c. Pre-numbered and controlled?				
d. Is the appropriation/funding source to be charged indicated by the person requesting the purchase?				
18. *Are purchase orders:				
a. Pre-numbered and controlled?				
b. Required for all nonexempt purchases exempt small items purchased from petty cash?				
c. Prepared only on the basis of purchase requisitions approved by authorized persons?				
d. Compared to unencumbered balances to avoid budget overexpenditure?				
e. Approved by an authorized individual?				
f. Closed at year-end?				
19. Is an adequate record of open purchase orders and agreements maintained?				
20. *Is there a policy statement with regard to conflicts of interest, including employee-vendor relationships?				
21. *Are blanket purchase orders and long-term contracts under adequate control?				
a. Are blanket purchase orders used for only essential receiving purchases?				
b. Are purchases under blanket purchase orders compared to the authorized quantity and dollar amount?				
c. Are blanket purchase orders closed at fiscal year-end?				

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22. *Does management monitor information such as unusual or significant transactions, disputes with vendors, control overrides, long outstanding items, etc.?				
23. *Does management review reports on expenditure activity?				
24. Does internal control appear adequate for the purchasing system overall?				
Receiving				
1. *Are the receiving clerks independent of the purchasing department and person initiating purchases?				
2. *Are written receiving reports:				
a. Numerically accounted for or otherwise controlled to ensure that all receipts are reported to the accounting department?				
b. Prepared for all purchased goods?				
c. Signed and dated?				
3. *Is a copy of the receiving report or other permanent record of material received kept in the receiving department?				
4. *Are merchandise, materials and supplies inspected for condition and counted, weighed or measured in the receiving department?				
5. *If copies of purchase orders are furnished to the receiving department, are quantities omitted in order to ensure an actual count of the quantities received?				
6. *Are descriptions of supplies, materials, and equipment checked by the receiving department against a copy of the purchase order or some other form of notification?				
7. Are procedures in effect that require the person receiving goods of services to document the receipt by signing the invoice or receiving report?				

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8. *Does management periodically review receiving and purchasing reports to determine that counts are performed and differences are reconciled?				
9. Are copies of receiving reports sent directly to purchasing, accounting, and, if appropriate, inventory recordkeeping?				
10. Does internal control appear adequate for the receiving system overall?				
Accounts Payable				
1. *Are all invoices received directly by the person who processes invoices for payment?				
2. *Are payments made only on the basis of original invoices and are duplicate copies of invoices clearly marked immediately upon receipt to prevent duplicate payment?				
3. *Does the review of invoices include:				
a. Check of terms, prices, and quantities on invoices against purchase orders?				
b. Check of items and quantities with those indicated on receiving reports obtained directly from the receiving department?				
c. Mathematical check of footings, extensions, and discounts?				
d. A final approval for payment?				
e. Indicating on the invoice that the above checks and approvals were made?				
4. *Do controls exist ensuring accurate account distribution of all entries resulting from invoice processing?				
5. *Do controls exist for processing invoices that do not involve materials or supplies (e.g., fees, rentals, power and light, taxes, travel, etc.)?				

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6. Are written contracts used for all professional and artistic services?				
7. Do procedures exist to review billings for contractors for compliance with the contract prior to making payments?				
8. *Are returned purchases controlled in a manner that ensures that the refund or credit will be received?				
9. Do procedures exist to insure that the leasing of equipment does not exceed the cost of purchasing and maintaining similar equipment?				
10. *Are vendor credit memos resolved promptly by cash refund or taken against subsequent purchases?				
11. *Is the encumbrance record periodically agreed to open purchase orders and commitments?				
12. *Is the encumbrance canceled when the expenditure is recorded?				
13. *Are adequate records maintained of unmatched purchase orders and receiving reports and unvouchered vendors' invoices and are these periodically reviewed and investigated?				
14. *With respect to partial shipment from vendors:				
a. Is a control maintained clearly indicating on the P.O. information as to the payment to avoid duplicate payment upon completion of the order?				
b. Are there any other procedures in effect to prevent duplicate payments on partial shipments by vendors?				
15. *Is an accounts payable trial balance taken and balanced to the general ledger control at least monthly?				
16. Are monthly statements from vendors regularly reconciled to open vouchers or accounts payable ledgers?				
17. *For accounts payable balances:				

Question	Yes	No	N/A	<u>Remarks</u>
a. Are adjustments of recorded amounts required to be supported by proper approval?				
b. Are debit balances properly reviewed and followed up?				
18. *Are there procedures in effect to ensure proper expenditure cut-off?				
19. Are expenditures of funds in excess of budgeted amounts approved by the budgeting office?				
20. *Are the duties of data authorization, data entry, verification of data, data correction, and receipt and distribution of warrants/checks adequately segregated?				
21. *Are checks/warrants verified to the check/warrant register and supporting documentation prior to disbursement by someone independent of preparation?				
22. Does internal control appear adequate for the accounts payable system overall?				
Cash Disbursements				
1. Are all cash disbursements other than petty cash items made by check/warrant from authorized bank accounts?				
2. Are serially pre-numbered check/warrants used?				
3. *Is the supply of unused checks/warrants adequately safeguarded and under the custody of persons who do not sign checks/warrants manually, control the use of facsimile signature plates, or operate the facsimile signature machine?				
4. *Are checks/warrants prepared only on the strength of properly approved vouchers (or check requests) by persons who do not approve the vouchers (or check requests)?				
5. *Are spoiled checks/warrants properly voided to prevent reuse and kept on file for subsequent inspection?				

Question	Yes	No	N/A	<u>Remarks</u>
6. Is a copy of the check/warrant or a check/warrant register prepared simultaneously with the preparation of the check?				
7. *Are the supporting data and approvals on the vouchers reviewed by the check/warrant signers at the time of signature?				
8. *Is notation of payment made on supporting data to prevent duplicate payment?				
9. *Are checks/warrants mailed by a person independent of the person who requested, prepared or recorded them?				
10. *Are there limitations on the amounts of single signature checks/warrants?				
11. *Are the check/warrant signers designated by management and does management review the list of signers on a periodic basis to ensure only authorized personnel are check/warrant signers?				
12. *Are the names of authorized check/warrant signers removed from the signature lists after the individuals have left the university or have been transferred to duties incompatible with check/warrant signing?				
13. *Where a mechanical check/warrant signer is used, is the facsimile signature plate under adequate control and are machine readings recorded to ascertain that all checks or warrants signed are properly accounted for?				
14. *Is the person writing checks/warrants prohibited from drawing checks payable to:				
a. Officers or employees (other than for travel, petty cash reimbursements, etc.) with the understanding that the cash is to be used for company purposes?				
b. Cash, bearer or similar payee that renders the check payable to bearer?				
15. *Is the person writing checks prohibited from writing checks that are incomplete as to payee or amount?				
16. *Are persons authorized to sign checks/warrants prohibited to:				

Question	Yes	No	N/A	<u>Remarks</u>
a. Act as cashier or have any access to cash receipts?				
b. Prepare the bank reconciliations?				
c. Open the mail or list mail receipts?				
d. Record cash transactions?				
e. Post to the ledger accounts?				
23. Does management review cash disbursement reports and investigate unusual or significantly large expenditures?				
24. Are checks/warrants outstanding for a considerable time periodically reviewed for propriety?				
25. Does internal control appear adequate for the cash disbursements system overall?				

Other remarks concerning the evaluation of the internal control for the purchasing cycle:

* Question was designed to help identify risk factors that could result in errors, fraud, irregularities and/or illegal acts. When the question is answered "NO", the risk factor identified should be considered when analyzing the department's operations, and the completed questionnaire should be forwarded to Financial Controls.