

**STATE AGENCY ACQUISITIONS AUDIT GUIDE**  
**DEVELOPED BY DEPARTMENT OF CENTRAL SERVICES (DCS) AUDIT UNIT**  
**Published 01/04/2008**

REQUIREMENTS	
<b>\$0 - \$2,500 THRESHOLD</b>	
<b>1. Purchasing requirements for \$2,500 and below:</b>	
a. The acquisition method used was appropriate (state use, statewide contract & OCI (if lowest and best bid) were checked before open market acquisition was made). <b>(OAC 580:15-6-5)</b>	
b. The acquisition process and acquisition was fair and reasonable. <b>(74 O.S. § 85.5.C.11.a &amp; OAC 580:15-6-6 (b))</b>	
c. Completion of an affidavit certifying persons who developed contract will not also perform contract. <b>(74 O.S. § 85.42.B) ( Applicable to service contracts)</b>	
d. Sales tax permit was verified thru DCS link or Oklahoma Tax Commission. Verification of sales tax permit was documented in the acquisition file. <b>(OAC 580:15-6-6(c) (5) (A, B &amp; C) (74 O.S. § 85.5 (O))</b>  <i>Exemptions: (This does not apply to vendors who provide services).</i>	
e. Payment of products or services pursuant to a contract executed by state agency shall be made only after products have been provided or services rendered. <b>(74 O.S. § 85.44.B.; OAC 580-15-6-6(c)(7); and OAC 580-15-6-6(d)(8))</b>	
<b>\$2,501 - \$10,000 THRESHOLD</b>	
<b>2. Purchasing requirements for \$2,500.01 to \$10,000:</b>	
a. The acquisition method used was appropriate (state use, statewide contract & OCI (if lowest and best bid) were checked before open market acquisition was made). <b>(OAC 580:15-6-5)</b>	
b. Completion of an affidavit certifying persons who developed contract will not also perform contract. <b>(74 O.S. § 85.42.B) (Applicable to service contracts)</b>	
c. Acquisition had documented specifications which include terms and conditions and evaluation criteria. <b>(OAC 580:15-6-6 (c)(1))</b>	
d. The state agency shall make a written evaluation of criteria considered in selection of the supplier for the acquisition. The written evaluation shall be placed in the acquisition file. <b>(OAC 580:15-6-6(c)(4))</b>	
e. Documented price quotes and delivery dates were secured from a minimum of three vendors. <b>(OAC 580:15-6-6 (c)(2))</b>	
f. Was supported by an original Non-Collusion Affidavit <b>74 O.S. Section 85.23</b> (DCS/Purchasing Form 003) by the vendor if a contract was executed <b>(OAC 580:15-6-6(c)(5))</b>	
g. Acquisition was obtained from a supplier that has not been suspended or debarred by State Purchasing Director, Oklahoma Tax Commission or Federal government. <b>(OAC 580:15-6-6(c)(2))</b>	
h. Sales tax permit was verified thru DCS link or Oklahoma Tax Commission. Verification of sales tax permit was documented in the acquisition file. <b>(OAC 580:15-6-6(c) (5) (A, B &amp; C) (74 O.S. § 85.5 (O))</b>  <i>Exemptions: (This does not apply to vendors who provide services).</i>	
i. The agency obtained a delivery document from the supplier that states at a minimum: 1. the date of delivery ; 2. name and address of supplier; 3. description of the acquisition <b>(OAC 580-15-6-6 (c) (6))</b>	
j. The state agency noted the delivery date and person receiving the acquisition on the delivery document. <b>(OAC 580-15-6-6 (c) (6))</b>	
k. The state agency shall pay the supplier following receipt, inspection, acceptance of the acquisition by the state agency and upon receipt of a proper invoice from the supplier. <b>(OAC 580-15-6-6 (c) (7))</b>	

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<b>REQUIREMENTS</b>	
i. The state agency did not pay travel expenses for the supplier over the amount included in the bid, proposal, or quotation. <b>(74 O.S. § 85.40)</b>	
m. The state agency reciprocated the bidding preferences given by other states or nations to bidders domiciled in their jurisdictions for acquisitions pursuant to Central Purchasing Act. <b>(74 O.S. § 85.17A)</b>	
<b>\$10,001-\$25,000 THRESHOLD</b>	
<b>3. Purchasing requirements for \$10,000.01 to \$25,000:</b>	
a. The acquisition method used was appropriate (state use, statewide contract & OCI (if lowest and best bid) were checked before open market acquisition was made). <b>(OAC 580:15-6-5)</b>	
b. Written specifications with terms and conditions and evaluation criteria were in the solicitation for acquisition. <b>(OAC 580:15-6-6(d)(1))</b>	
c. Documented price solicitations from minimum of ten suppliers in the appropriate commodity classification from registered suppliers list were present. <b>(OAC 580:15-6-6(d)(2))</b>	
d. Acquisition was obtained from a supplier that has not been suspended or debarred by State Purchasing Director, Oklahoma Tax Commission or Federal government. <b>(OAC 580:15-6-6(d)(2))</b>	
e. The supplier submitted an original Non-Collusion Affidavit (74 O.S. Section 85.22- DCS/Purchasing Form 004) with their response to the solicitation. <b>(OAC 580:15-6-6-(d)(4))</b>	
f. A written evaluation was performed and included in the acquisition file; <b>(OAC 580:15-6-6(d)(5))</b>	
g. An original Non-Collusion Affidavit 74 O.S. Section 85.23 (DCS/Purchasing Form 003) was present if a contract was executed. <b>(OAC 580-15-6-6(d)(6))</b>	
h. Sales tax permit was verified thru DCS link or Oklahoma Tax Commission. Verification of sales tax permit was documented in the acquisition file. <b>(OAC 580:15-6-6(d) (6) (A, B &amp; C) &amp; (74 O.S. § 85.5 (O))</b>	
<i>Exemptions: This does not apply to vendors who provide services.</i>	
i. The agency obtained a delivery document from the supplier that states at a minimum: 1. the date of delivery ; 2. name and address of supplier; 3. description of the acquisition <b>(OAC 580-15-6-6(d) (7))</b>	
j. The state agency noted the delivery date and person receiving the acquisition on the delivery document. <b>(OAC 580-15-6-6(d)(7))</b>	
k. The state agency shall pay the supplier following receipt, inspection, acceptance of the acquisition by the state agency and upon receipt of a proper invoice from the supplier. <b>(OAC 580-15-6-6(d)(8))</b>	
l. Completion of an affidavit certifying persons who developed contract will not also perform contract. <b>(74 O.S. § 85.42.B)</b>	
<b><i>(Applicable to service contracts)</i></b>	
m. The state agency did not pay travel expenses for the supplier over the amount included in the bid, proposal, or quotation. <b>(74 O.S. § 85.40)</b>	
n. The state agency reciprocated the bidding preferences given by other states or nations to bidders domiciled in their jurisdictions for acquisitions pursuant to Central Purchasing Act. <b>(74 O.S. § 85.17A)</b>	
<b>\$25,001 – GREATER THRESHOLD</b>	
<b>4. Purchasing requirements greater than \$25,000:</b>	
a. The state agency submitted a requisition and supplier's competitive bids or proposals to the State Purchasing Director. <b>(74 O.S. § 85.7.A.1.)</b>  <i>(Note: All open market acquisitions above \$25,000 should be performed by Central Purchasing.)</i>	
b. A service requisition justification for nonprofessional or professional services was signed by the CAO of the agency or the CAO of the requisitioning unit	

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justifying the acquisition. <b>(74 O.S. § 85.4.E.1)</b>	
c. The state agency did not pay travel expenses for the supplier over the amount included in the bid proposal. <b>(74 O.S. § 85.40)</b>	
<b>Change Orders</b>	
<b>5. Select a sample of change orders and determine:</b>	
a. Based upon the DCS Authorized Signature Form, the approving authority authorized the change order. <b>(OAC 580:15-6-6 (8))</b>	
b. The State Purchasing Director approved the change order if it increased the total contract to an amount above the agency's authority limit. <b>(OAC 580:15-6-6(e)(2)(B))</b>	
c. Change order in a contract for component or phased deliveries does not exceed 10% of original purchase order or contract. <b>(OAC 580-15-6-6(e)(2))</b>	
d. Change order does not exceed the scope of the original solicitation. <b>(OAC 580:15-6-6(e)(2))</b>	
<b>Professional Services</b>	
<b>6. Select a sample of professional service contracts and determine:</b>	
<i><b>NOTE:</b> Reference 74 O.S. § 85.7.A.3.a for a list of agencies that are exempt from competitive bidding procedures of 74 O.S. § 85.4.</i>	
a. A service requisition justification was signed by the CAO of the agency or the CAO of requisitioning unit justifying the acquisition. <b>(74 O.S. § 85.4.E.1)(OAC 580-15-6-6(c)) (See Form 014 for req. statutory language)</b>	
b. The vendor signed a professional service contract affidavit <b>only if</b> the final product was a written report. <b>(74 O.S. § 85.41.F1).</b>  <i>Note: Any state agency renewing a contract with a supplier shall not be subject to the provisions of paragraph 1 of this subsection. (74 O.S. § 85.41.F2)</i>	
c. An original performance evaluation was completed and retained. <b>(74 O.S. § 85.41B)</b>	
d. An original performance evaluation included the quality of service or work product of the supplier. <b>(74 O.S. § 85.41B)</b>	
e. A copy of the original performance evaluation was sent to State Purchasing Director <b>IF</b> there were deficiencies in supplier's work or product noted. <b>(74 O.S. § 85.41B)</b>	
f. The agency monitored/audited the professional service contract. <b>(74 O.S. §85.41.D)</b>	
g. An audit clause was included in the contract which provides that all items of the supplier that relate to the professional services are subject to examination by the state agency and the State Auditor and Inspector. <b>(74 O.S. § 85.41.E)</b>	
h. Payments for services were at a uniform rate throughout the duration of the contract <b>OR</b> had authorization from the State Purchasing Director for non-uniform payments. <b>(74 O.S. §85.41.G.1. &amp; 2.)</b>	
i. The state agency did not pay travel expenses for the supplier over the amount included in the bid proposal. <b>(74 O.S. § 85.40)</b>	
<b>Sole Source/ Sole Brand</b>	
<b>7. Sole Source/ Sole Brand purchases:</b>	
a. A notarized sole source or sole brand acquisition affidavit was signed by the CAO. <b>(74 O.S. § 85.45j.A.2)</b>	
b. The reason such a purchase is necessary was documented by the CPO if within the agency's authority limit or by the State Purchasing Director if it exceeds the agency's authority limit. <b>(74 O.S. § 85.45j.A.6. &amp; 7.)</b>	
<b>Emergency Acquisitions</b>	
<b>8. Emergency acquisitions purchases:</b>	
a. The agency submitted a requisition to the State Purchasing Director within five days following the acquisition. <b>(74 O.S. § 85.7.A.4)</b>	
b. The agency submitted a statement of emergency with the requisition. <b>(74</b>	

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<b>O.S. § 85.7.A.4)</b>	
<b>High Tech</b>	
<b>9. High technology purchases:</b>	
a. Vendor provides documentation of scheduled upgrades or improvements over a projected three (3) year period. <b>(74 O.S. § 85.7c.A.1)</b>	
b. Vendor provides documentation that no recommended or required upgrades are needed over 3 year period starting from targeted purchase date. <b>(74 O.S. § 85.7c.A.2)</b>	
c. Vendor agrees to no additional charge for the acquisition of an upgrade or enhancement to a high technology system. <b>(74 O.S. § 85.7c.B (1) &amp; (2))</b>	
d. Vendor provides documentation that required or recommended upgrade enhances or is necessary for performance of agency's duties and responsibilities. <b>(74 O.S. § 85.7c.B (3))</b>	
e. Vendor provides documentation that the vendor will no longer supply assistance to the state agency for the purpose of maintenance of the system and that the functions performed by the system are necessary for the performance of the agency's duties and responsibilities. <b>(74 O.S. § 85.7c.B (4))</b>	
f. The accessibility determination was part of the evaluation when the product was procured. <b>(OAC 580-15-21(a)(3))</b>	
g. Contract includes a clause ensuring compliance with IT Accessibility Standards. <b>(OAC 580:15-6-21(b)(1))</b>	
h. Exception notification is present in the acquisition file if contract does not include a clause ensuring compliance with IT Accessibility Standards. <b>(OAC 580:15-6-21 (c)(1)(2))</b>	
<b>Travel (Air)</b>	
<b>10. Travel purchasing:</b>	
a. Air travel was processed through the State Travel Office of the Department of Central Services. <b>(74 O.S. § 85.45k (B)).</b>	
b. All claims made for reimbursement contains a statement indicating the reason for exemption. <b>(74.O.S. § 85.45k(C))</b>	
c. <b>IF</b> the travel category is tested, add additional attributes to review per <b>OAC 580:15-6-14.</b>	
<b>Settlement Agreements</b>	
<b>11. Settlement agreements requirements:</b>	
a. The state agency negotiated a proposal for the settlement agreement with the supplier; <b>(OAC 580:15-6-17)</b>	
b. The CAO approved the settlement agreement. <b>(OAC 580:15-6-17(1)(A) )</b>	
c. If the CAO approved the settlement agreement, perform steps 85 thru 88. <b>(OAC 580:15-6-17(1)(A))</b>	
d. If the CAO disapproved the settlement agreement, skip steps 85 thru 88 below and verify the agency retained documents from the supplier and the state agency. <b>(OAC 580:15-6-17(1)(B))</b>	
e. The agency negotiated a proposal for a settlement agreement with the supplier. <b>(OAC 580:15-6-17(1)(A)(i))</b>	
f. The CAO signed the proposed settlement agreement. <b>(OAC 580:15-6-17(1)(A)(ii))</b>	
g. The CAO documented the facts and circumstances of the unauthorized commitment; <b>(OAC 580:15-6-17(1)(A)(iii))</b>	
h. The CAO submitted a copy of the settlement agreement and supporting documentation to the State Purchasing Director. <b>(OAC 580:15-6-17 (1)(A)(iv))</b>	
<b>Governmental Agreements</b>	
<b>12. Acquisitions with governmental entities:</b>	
a. Acquisition from political division or subdivision, agency of the U.S. or another state agency does not evade competitive bidding requirements, provisions of the	

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<b>REQUIREMENTS</b>	
Central Purchasing Act, rules of the Purchasing Division or provisions related to the State Use Committee. (OAC 580:15-6-6 (e) (4) )	
<b>Fixed-Rate Contracts</b>	
<b>13. Fixed-rate contracts purchasing:</b>	
a.	The rate was approved as a fixed rate pursuant to <b>74 O.S. § 85.7.A.11 and OAC 580-15-6-6 e (3).</b>
b.	The rate paid by the agency agreed to the approved fixed-rate. <b>(74 O.S. § 85.7.A.11.d.)</b>
c.	The contracted service agreed to the approved qualified service. <b>(74 O.S. § 85.7.A.11.d.)</b>
<b>Statewide Contracts (M/NM)</b>	
<b>14. Statewide contract acquisitions requirements:</b>	
a.	Each acquisition file includes at a minimum: supporting documentation, justification for the acquisition, copies of all contracts (if any), evaluations and written reports (if any), and other documentation that may be required by State Purchasing Director. <b>(74 O.S. § 85.39.C.)</b>
b.	Requisition was signed by individual(s) designated by the approving authority. (If acquisition submitted to DCS for processing) <b>(OAC 580-15-6-6(8)</b>
c.	Payment of products or services pursuant to a contract executed by state agency shall be made only after products have been provided or services rendered. (74 O.S. § 85.44.B.)
<b>OTHER REQUIREMENTS</b>	
1.	Verify employee(s) that has terminated employment with the Agency within a year's time has not been contracted for a sole source or professional service contract. <b>(74 O.S. § 85.42)</b>
2.	Review expenditures for audit period to ensure Agency did not make split purchases for the purpose of evading the Agency's approved dollar threshold for competitive bids. <b>(OAC 580:15-6-6(e)(1))</b>

This guide is NOT RULES or REGULATIONS, but has been prepared by the Department of Central Services, Audit Unit to assist agencies with purchasing compliance and their obligations under Administrative Rules and the Oklahoma Central Purchasing Act. *Agencies should be advised that the use of this guide will not relieve any responsibility to fully comply with all provisions of the law and regulations.*