



OFFICE OF THE  
**UTAH STATE AUDITOR**

**Auditor Alert – 2015-1**

**Subject: Participation in Cooperative Purchasing Organizations**  
**Date: December 22, 2015**

**Background**

We recently received reports that some vendors are encouraging purchasing officials in school districts to procure their services by referencing contracts that have been previously negotiated with the vendor by **cooperative purchasing organizations**. A cooperative purchasing organization is a group of entities, often businesses or government entities, who enter into a type of cooperative arrangement in which the parties agree to aggregate demand to get lower prices from selected suppliers. In the reported cases, the vendor assured the purchasing official that this arrangement met the requirements of the Utah Procurement Code and cited examples of other public entities that use the cooperative purchasing contracts. However, after reviewing these cases, we do not believe that the arrangement conformed to State Procurement Code.

**Advisory and Recommendation**

*Utah Code 63G-6a-2105-Cooperative Procurements* sets forth the requirements for participation in or purchasing under cooperative purchasing organizations including, but not limited to, the following:

1. The procurement must be conducted, and the contract awarded, in accordance with the requirements of Utah Code 63G-6a.
2. An agreement describing the rights and duties of each party must be entered into by each party unit involved in the cooperative procurement.
3. The solicitation must clearly indicate that the procurement is a cooperative procurement and must identify each party that may purchase under the resulting contract.

In our opinion, these requirements necessitate proactive involvement by a procurement unit when bids are solicited. As such, it is unlikely that contracts negotiated independently by cooperative purchasing organizations would satisfy the requirements found in the code. Therefore, if you choose to use a contract negotiated by a cooperative purchasing organization, please ensure the arrangement conforms to all required procurement provisions. If you have questions, please contact the State Division of Purchasing.

As a point of interest, the State Division of Purchasing has entered into only one cooperative purchasing arrangement through a Memorandum of Understanding. Also, please note that this section does allow all public entities, nonprofit organizations, and agencies of the federal government to purchase from **state** cooperative contracts or a contract awarded by the Chief Procurement Officer.