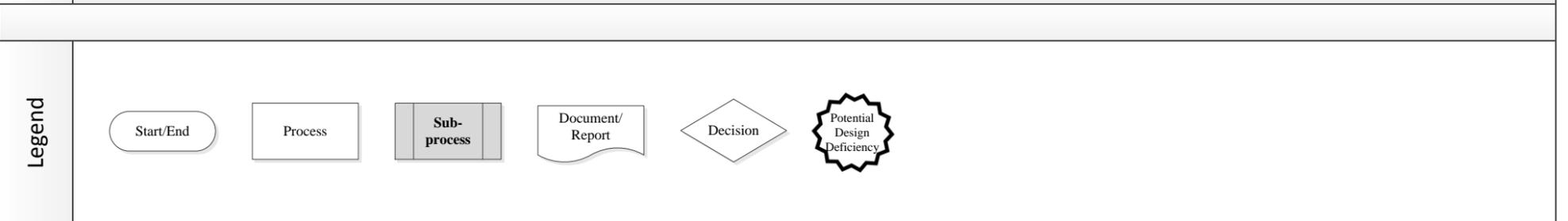
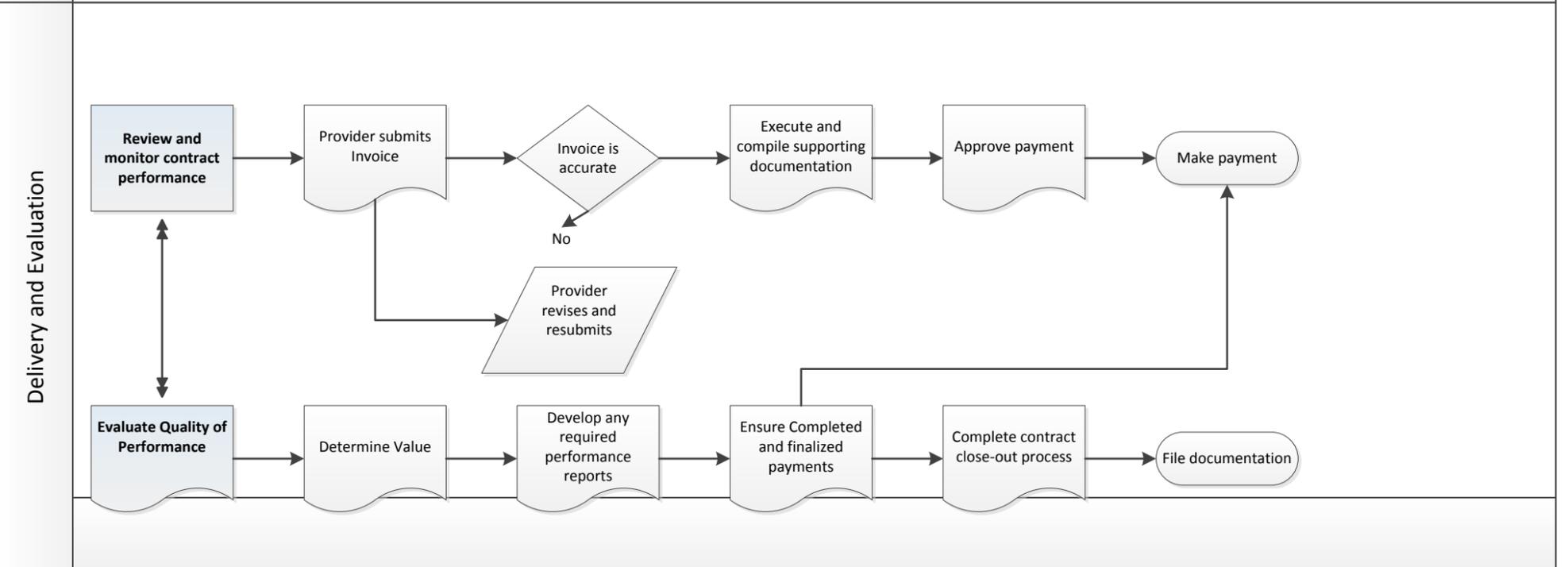
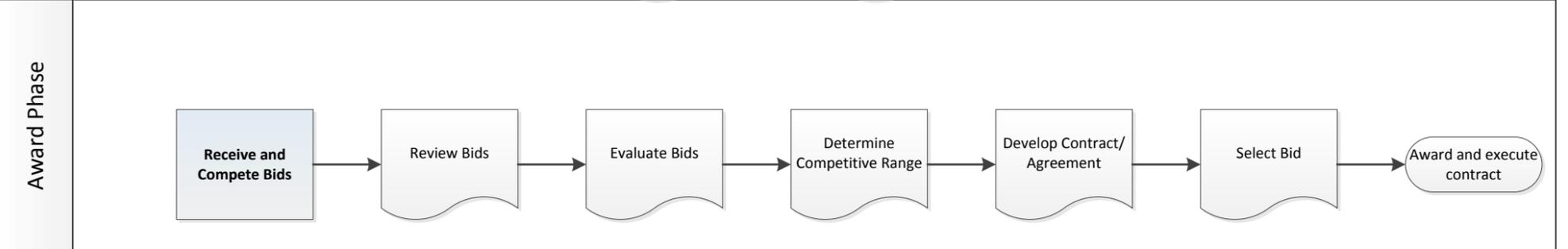
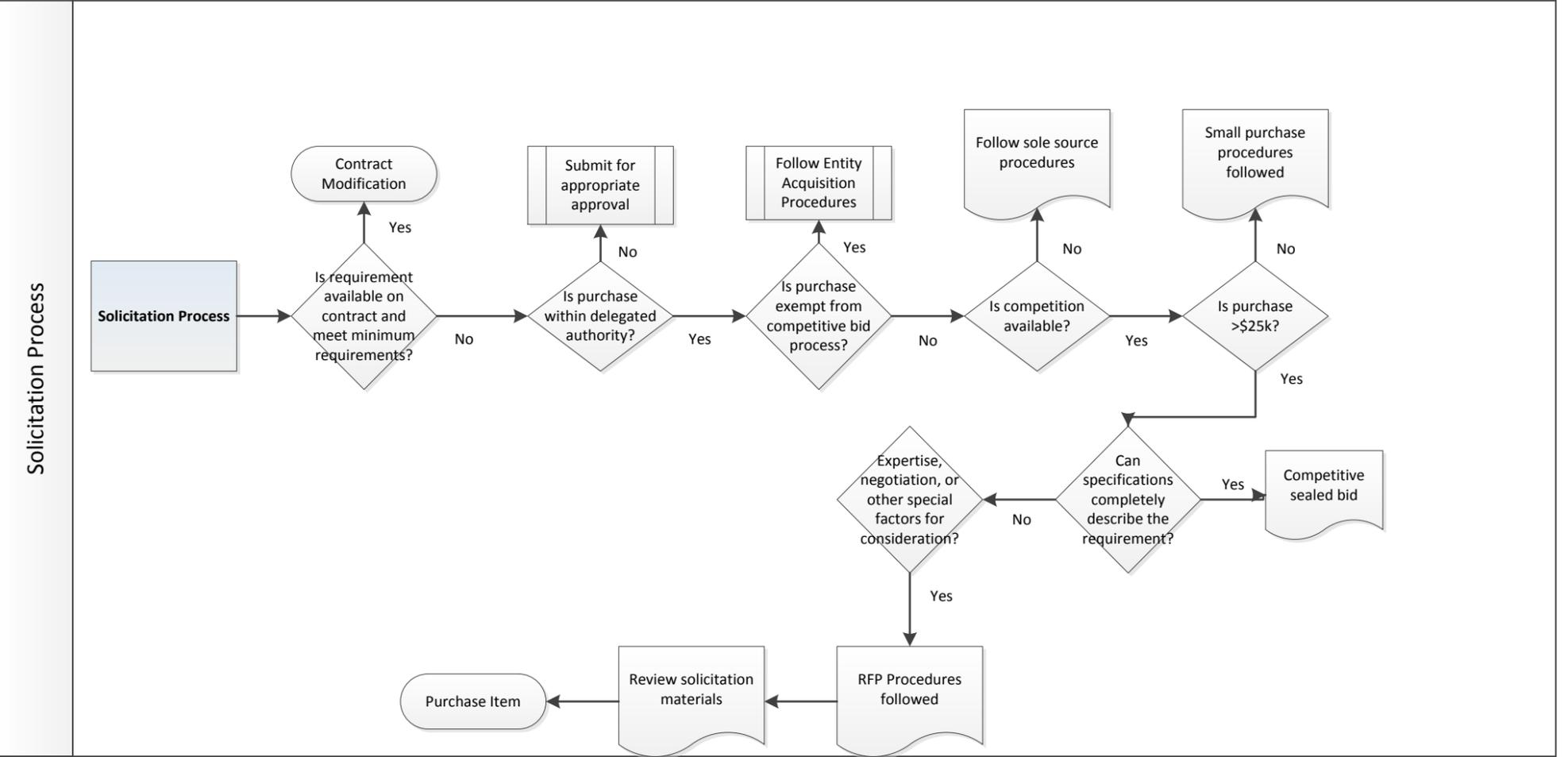
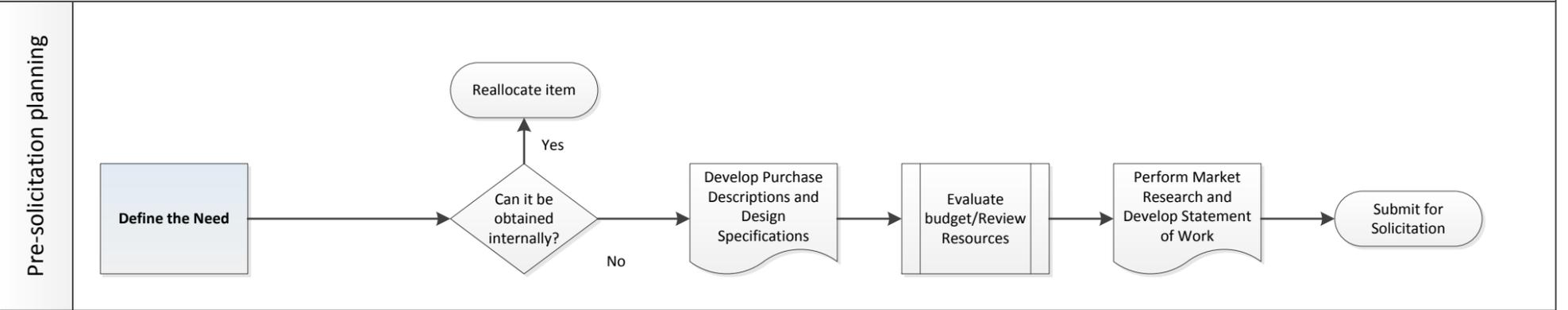


Internal Controls: Procurement Example – What do we need to consider?

Phase



Control Environment

Has Leadership:

- * Demonstrated a commitment to integrity and ethical values
 - Does the entity actively set an ethical tone around procurement procedures and expectations?
 - Are there ethics requirements, certifications, etc.?
 - Is there an established code of conduct for employees? Requirements for those making procurement requests and for those processing procurement requests?

- * Established structure, responsibility, and clear lines of authority
 - Are there policies and procedures for the procurement processes and decision making?
 - Are there clear lines of responsibility and authority?

- * Demonstrated commitment to competence
 - Are there competency requirements?
 - Are the competencies clearly communicated and is training toward those competencies provided?

- * Enforced accountability
 - Does leadership take action to correct errors in decisions regarding the procurement process?
 - Are staff held accountable for their actions?
 - Are processes modified as needed to minimize and/or mitigate errors?

Notes

Risk Assessment

Has Leadership:

- * Defined process objectives and risk tolerances
 - Has the entity assessed areas of vulnerabilities?
 - Does the entity have data to inform the impact of vulnerabilities i.e. what is at stake should a control failure occur
 - Are there articulated processes that utilize that likelihood and impact data to inform risk thresholds?

- * Strategically addressed known risks to minimize the impact on the stated objective
 - Are there mitigating controls in place?
 - Do processes have business rules to prevent or detect errors?
 - Has the entity assessed the risk of procurers? E.g. LEAs

Notes

Internal Controls: Procurement Example – What do we need to consider?

Phase

Control Activities

Has Leadership:

- * Developed specific control activities for the procurement process?
 - Are there documentation requirements?
 - Does the entity have sufficient staff to ensure segregation of duties?
 - Is there a mechanism in place to inform staff if a step has been skipped?

Notes

Information & Communication

Has Leadership:

- * Demonstrated a Commitment to the use of data to inform decisions?
 - Are there policies and practices in place to receive and communicate information in a timely manner?
 - Are deficiencies identified in the procurement process communicated and remediation activities shared?
 - Are there clearly stated lines of authority responsible for communication?
 - Has management established formal mechanisms for communication regarding procurement processes up and down the hierarchy?
 - Has management established clear lines of communication and technical support and assistance for procurers?
 - Has management set clear expectations for procurers for procurement submissions?

Notes

Internal Controls: Procurement Example – What do we need to consider?

Phase

Monitoring

Has Leadership:

- * Demonstrated a commitment to monitoring the efficacy of its procurement process?
 - Has management collected data to serve as a baseline of efficiency?
 - Does the procurement process have periodic monitoring systems, continuous monitoring systems, and/or both?
 - Are the data collected evaluated?
 - Are there established lines of reporting and are results reported?
 - Is there a mechanism in place to make sure that communicated procurement system corrections are implemented and effective?
 - Is there any way to document procurement process efficiency and effectiveness and/or implementation of corrective actions?

Notes