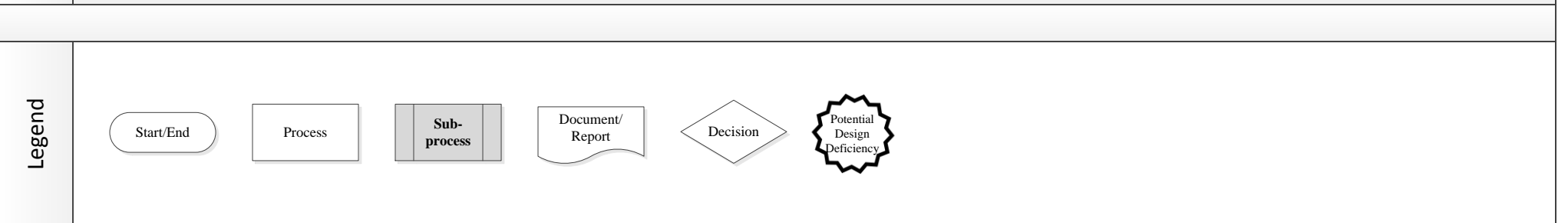
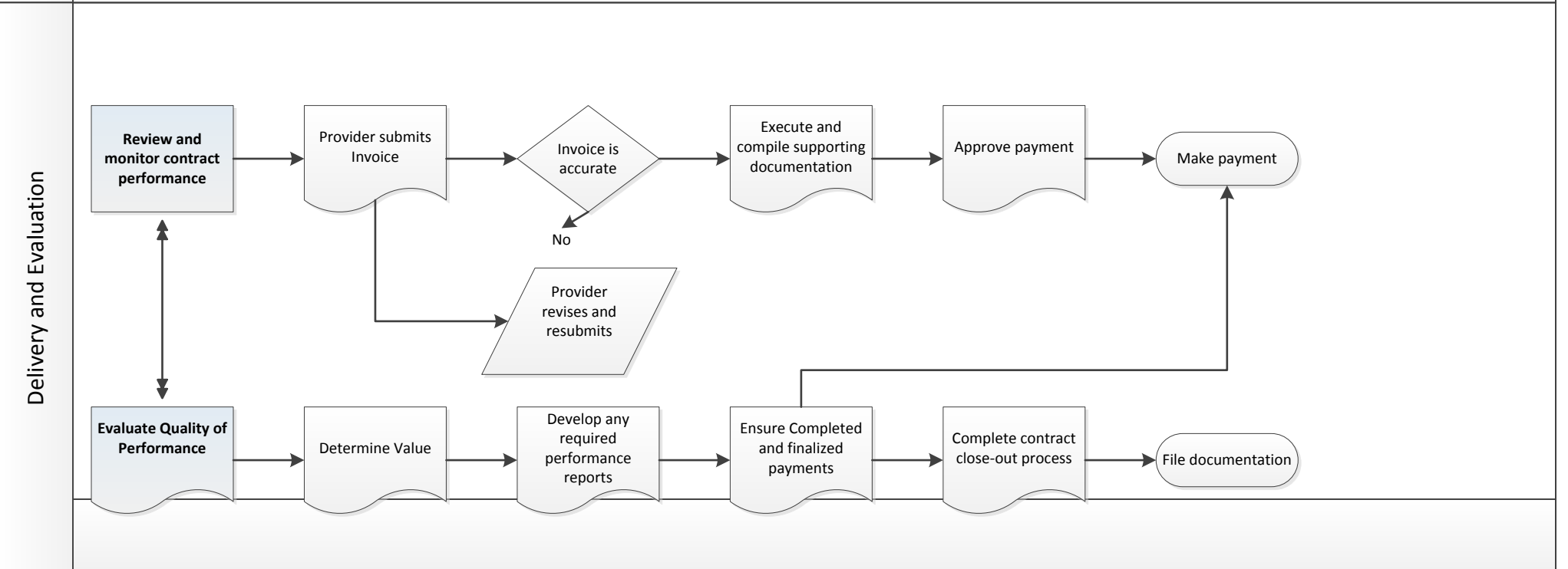
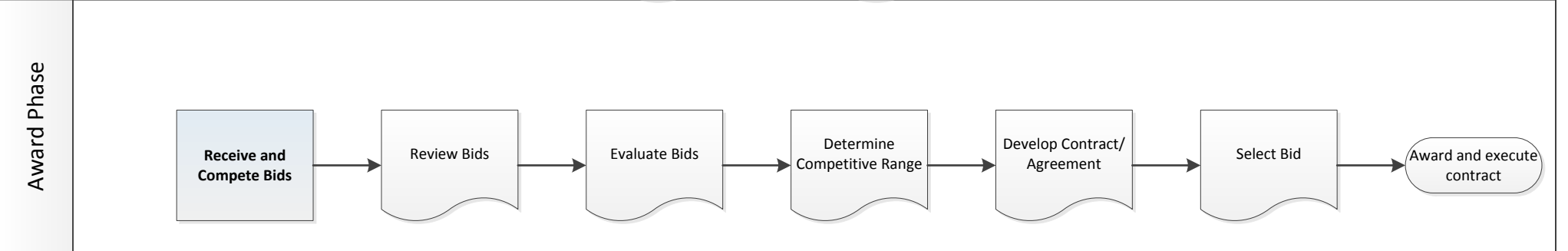
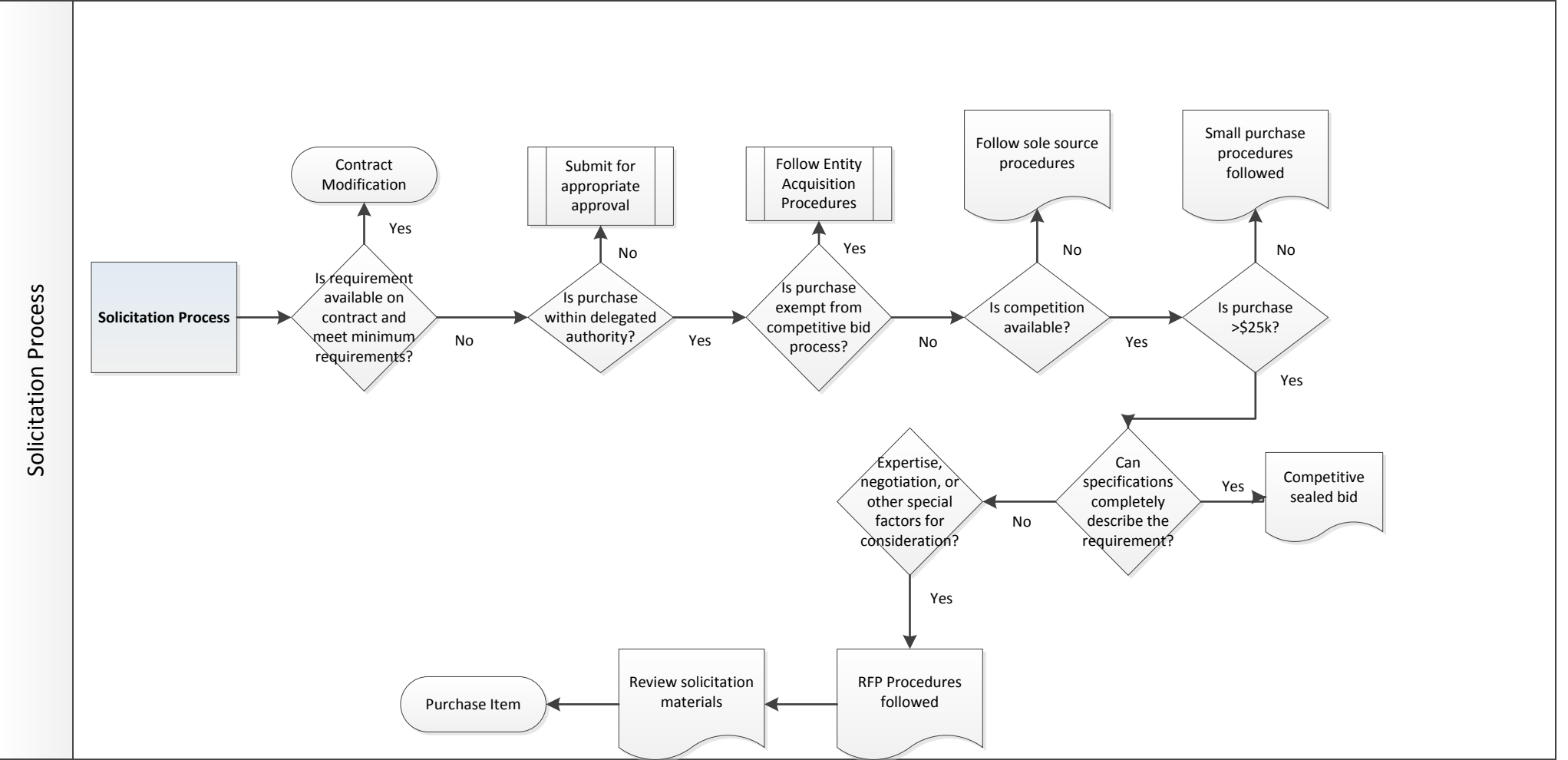
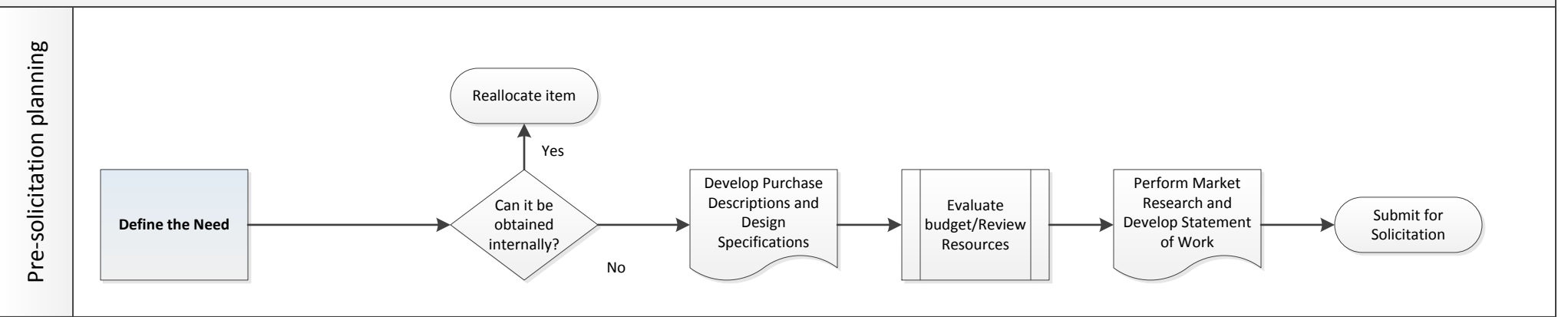


Internal Controls: Procurement Example – What do we need to consider?

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