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# Internal Controls: Procurement Example

## 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?

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## 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

# Internal Controls: Procurement Example

## 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?

# Internal Controls: Procurement Example

## Information and 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?

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## 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?