

Common Procurement Weaknesses

- *Missing justifications.* The procurement record should include justifications for using a sole-source contract, using brand name descriptions, or using contract types other than fixed-price and cost reimbursement contracts.
- *Incomplete procurement history.* A record of the events leading up to the award is required to demonstrate procedures were properly followed.
- *No evidence of competition.* The record should show evidence of the procurement method that was followed, including evidence of oral or written price quotes.
- *No price or cost analysis.* There should be evidence the contractor's proposal was evaluated for reasonableness, allocability, and allowability, and that issues with vendor costs were addressed prior to making the award.
- *Missing approvals.* Internal controls should require reviews and approvals at various stages of the procurement process. The record should include evidence of the reviews and approvals.
- *Failing to follow the established procurement procedures.*
- *Failing to check the Excluded Parties List System for debarred and suspended vendors.* A grantee cannot do business with any party debarred, suspended, or otherwise excluded from doing business with the federal government. (See 34 CFR § 80.35)
- *Separating single purchases into separate transactions to avoid competition thresholds.*
- *Commitments made to vendors by unauthorized individuals.* The failure of personnel to use requisitions and purchase orders prior to ordering goods and services limits management's ability to properly plan and coordinate the procurement of goods and services, exercise timely budgetary control, and prevent unauthorized purchases. Circumventing the procurement process also increases the risk of fraud, waste, and abuse.
- *Failing to segregate procurement duties.* Procurement duties (e.g., obtaining quotes, selecting the vendor, authorizing payment) should be distributed among grantee staff to reduce the risk of fraud and abuse.