

Three Procurement Tips from an Auditor

by Kalkin Stransky, Senior Associate

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Non-federal entities other than States, including those operating Federal programs as subrecipients of States, must follow the procurement standards set out in 2 CFR sections 200.318 through 200.326. In addition, all Arizona school districts are required to follow the legislative authority of the [Arizona Procurement Code A.R.S. Title 41 Chapter 23](#). With the Code itself being roughly 150 pages long, it's safe to assume most district personnel are not reading this during their lunch break.

Below are three procurement tips from an auditor's perspective that may help with the preparation process of an annual procurement audit.

Tip 1 – Conduct Suspension and Debarment Checks Each Summer

[Uniform Guidance \(2 CFR part 200\)](#) states that an auditor must test whether the non-Federal entity performed a verification check for covered transactions, by checking Sam.gov, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity. The auditor must ascertain that covered transactions were not awarded to suspended or debarred parties.

This check will be conducted on all vendors a school has spent \$25,000+ of federal monies within a fiscal year. As mentioned previously, the most common way districts comply with this requirement is by using Sam.gov, an official website of the U.S. Government that tracks the eligibility of individuals or entities to receive federal funds. To ensure these checks are done timely (as soon as the district crosses the \$25,000 threshold), rather than completed as a year-end or pre-audit procedure, procurement personnel should be signing and dating when all suspension and debarment checks are complete.

That being said, there is no rule prohibiting suspension and debarment checks being conducted before the \$25,000 threshold is crossed. This is why auditors often recommend adding these checks to procurement personnel's summer to-do lists. This is feasible considering districts oftentimes utilize the same vendor's grant to grant year over year. For example, child nutrition monies are annually spent with Shamrock Foods, Pepsi Cola Company, and other routine vendors. Knocking out the majority of required suspension and debarment checks each summer will greatly reduce the burden of tracking which vendors crossed the \$25,000 threshold throughout the busy school year.

Tip 2 – Enhance Sole Source Justifications to Ensure Compliance

With some goods and services used annually being specific and tailored to schools, sole source vendors are a great way to procure goods. However, districts need to ensure they are appropriately utilizing sole source justifications; and not relying on them to avoid conducting further procurement procedures.

A frequently repeated auditor recommendation is for districts to review their sole source justifications each summer to ensure they are accurate/specific to the vendor, up-to-date, reasonable, and comprehensive.

For example, the following is verbiage we have seen a district use for their sole source justifications:

Tyler Technologies is a continuing sole source provider because no reasonable alternative exists.

Instead, we recommend enhancing the verbiage to be more complete and tailored to each vendor, such as:

Tyler Technologies qualifies as sole source, as it would be cost-prohibitive to change vendors for this service unless issues arise that the current vendor could not address to the satisfaction of the District. Tyler software, support, and training are vital to district operations. The District has invested tens of thousands in tailored Tyler software and switching programs would interrupt imbedded programs used for over 10 years. The vendor also continues to offer a fair and reasonable price.

Tip 3 – How to Handle Written Quote Non-Responses

An auditor observation that has been made for the last couple of years is more schools are indicating they are experiencing non-responsive written quotes for purchases with vendors over \$10,000. While there could be many reasons for a non-response out of a district's control, it is important to give all vendors an appropriate amount of time to offer a quote before deeming them non-responsive. We understand that school personnel often come to the district office with an expedited need for goods or services. However, spending federal funds comes with the responsibility of procuring goods/services with the best price possible, which includes gathering quotes from multiple vendors in a fair and reasonable way. This is why we recommend giving all vendors seven to ten business days to respond to a quote request before deeming them non-responsive.

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