**Procurement Audit**

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A procurement audit is the process of reviewing all the different supply contracts and procurement processes to ensure they are accurate, complete and efficient. Where risks are identified, the company can put controls in place to contain the risk within acceptable limits (Thompson, 2019).

The procurement audit consists of four main parts:

1. Audit of the bidding process – a process of selecting vendors is prone to fraud and selection bias, so the audit usually starts here.
2. Purchase order audit – a purchase order, submitted to the procurement team, kicks off the purchasing process. The audit reviews a sample of purchasing order for accuracy. After that, a random sample of supplier invoices and packing slips are compared to the purchase orders. This way, an audit ensures that a properly authorized purchase order exists for goods received.
3. Physical handling of goods – auditors should also review the processes for receiving goods and logging the movement of goods in and out of the warehouse. This ensures that controls are in place to prevent the loss and theft of items.
4. Internal controls in the procurement process – the audit evaluates the effectiveness of procurement process by answering the following questions: are staff obtaining the proper authorizations before purchasing? Does the business have an effective separation of responsibility, such that different people are placing orders, approving invoices for payment and reconciling financial records? Is the finance team reconciling ledgers for accuracy against Pos, bills of sale, supplier invoices and receipts? Are suppliers paid on time? (Thompson, 2019)

During project implementation process, the major issues are related to the procurement process. Therefore, the project sponsor decided to conduct a procurement audit. The team management believes that procurement audit will help to determine the success and failures that require acknowledgement during the preparation or the administration of the procurement contracts on the project.

# References

Thompson, J. (2019, June 18). *Procurement Audit Procedures*. Retrieved from Bizfluent: https://bizfluent.com/list-6852203-procurement-audit-procedures.html