



To: APOs and CUPOs

AUD #21-12

CC: Lisa Eason, Deputy Commissioner, State Purchasing Division
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From: Audits, State Purchasing Division

Date: June 16, 2021

Re: Fiscal Years 2018, 2019, and 2020 Audit of Required Posting of Cancellation Notice Form SPD-SPR014 on Cancelled Solicitations

Conclusion

For the three fiscal years reviewed, we found: 66% of the cancelled solicitations did not have the required cancellation notice; 31% did have the required cancellation notice; and 3% did not have a cancelled solicitation notice and had either a notice of award (NOA) or notice of intent to award (NOIA) uploaded to the event, which may indicate the solicitation was not cancelled.

Background

According to section 4.8.2 of the *Georgia Procurement Manual* (GPM), a “state entity may withdraw or cancel a solicitation document at any time. A notice of cancellation, SPD-SPR014 RFX Cancellation Notice, will be issued to include either a description or to document the reason for cancellation.” The Issuing Officer (IO) is responsible for cancelling the solicitation and completing and posting the notice to the respective solicitation in the Georgia Procurement Registry (GPR). As per SPD-SPR014, only the following types of solicitations require a cancellation notice when applicable:

- Request for Proposals (RFP)
- Request for Quotes (RFQ)
- Request for Qualified Contractors (RFQC)
- Consortia
- Sole Source

Audit Summary

According to data obtained from the GPR for state government entities¹, there are 901 solicitations with a status of “cancelled” for fiscal years 2018, 2019 and 2020. Upon further investigation, we found that 204 of these solicitations were conducted by the Department of Transportation under Title 32 of the Georgia Code and therefore not subject to State Purchasing Division (SPD) rules and processes. A further 115 solicitations were conducted by state authorities, who are exempt from SPD rules under the State Purchasing Act. The remaining 582 solicitations were examined for compliance with the required processes set forth in section 4.8.2 of the GPM.

¹ This excludes local government entities, who use the GPR, such as, county governments, health boards, watersheds, municipalities, cities, and school boards.

Audit Objectives

1. Which types of solicitations are most cancelled?
2. Was a cancellation notice issued for each cancelled solicitation?
3. On which solicitation type or types were notices most often not posted?
4. Which entities issue the most and the fewest cancellation notices?

Audit Summary

From fiscal year 2018 through the end of fiscal year 2020, the 582 cancelled solicitations (under the purview of SPD) were distributed by solicitation type as shown below in **Table 1**.

Table 1
Cancelled Solicitations by Type

| Solicitation Type | Number |
|--------------------------------------|------------|
| RFQ | 342 |
| RFP | 116 |
| Sole Source | 85 |
| RFQC | 23 |
| Consortia | 16 |
| Total | 582 |
| Source: Georgia Procurement Registry | |

The figures in **Table 2** provide a breakdown of cancellation notice posting compliance by fiscal year for the review period.

Table 2
Cancellation Notice Posting Compliance by Fiscal Year

| Cancellation Notice Posted | 2018 | 2019 | 2020 | Total |
|--------------------------------------|------------|------------|------------|------------|
| No | 146 | 135 | 103 | 384 |
| Yes | 59 | 66 | 56 | 181 |
| No – Status may be incorrect | 6 | 10 | 1 | 17 |
| Total | 211 | 211 | 160 | 582 |
| Source: Georgia Procurement Registry | | | | |

For the solicitations marked “No – Status may be incorrect” we found while the status showed as cancelled, there was: no cancellation notice attached to the solicitation; and, either a notice of award (NOA) or notice of intent to award (NOIA) had been uploaded to the event.

The data indicates that the trend is towards greater compliance as the percentage of cancelled solicitations with cancellation notices increased from 19% in fiscal year 2018 to 22% in fiscal year 2020. Solicitations are also being cancelled less often as we illustrated in *AUD #21-06 Audit of Georgia Procurement Registry (GPR) solicitation statuses* for fiscal years 2018, 2019, and 2020.

Table 3 below shows the breakdown of non-posting of cancellation notices by type and by fiscal year.

**Table 3
Cancellation Notice Not Posted by Type by Fiscal Year**

| Solicitation Process | 2018 | 2019 | 2020 | Total |
|--------------------------------------|-------------|-------------|-------------|--------------|
| RFQ | 96 | 69 | 53 | 218 |
| RFP | 22 | 29 | 23 | 74 |
| Sole Source | 14 | 29 | 22 | 65 |
| RFQC | 7 | 5 | 2 | 14 |
| Consortia | 7 | 3 | 3 | 13 |
| Total | 146 | 135 | 103 | 384 |
| Source: Georgia Procurement Registry | | | | |

As can be seen in **Table 3**, the solicitations which have the most cancellations without a cancellation notice, are RFQs and RFPs. These two solicitation types, account for 292 of 384 cancellations without a cancellation notice. However, when taken by percentage, 64% of cancelled RFPs and RFQs do not have a cancellation notice; whereas 81% of cancelled consortia postings and 76% of cancelled sole source postings do not have a cancellation notice. Although fewer in number, consortia and sole source postings have a higher rate of noncompliance than the RFPs and RFQs.

Recommendations

1. To ensure that interested parties are always aware of, and have access to, the most current solicitation status, APOs and CUPOs are requested to review, with all staff involved in the solicitation posting process, all the requirements in Section 4.8.2 of the GPM regarding the issuing and posting of SPD-SPR014 RFX Cancellation Notice. At the same time, all IOs are requested to review every cancelled event for fiscal year 2020 and 2021 and post any missing cancellation notices, where required. The Audit team will conduct a simultaneous follow-up audit for fiscal year 2020 cancelled events by contacting the respective APO or CUPO.
2. Going forward, when the status of an event is changed to “cancelled”, SPD should add a system notification in the form of a pop-up, reminding IOs of the requirements of Section 4.8.2 of the GPM.
3. Regarding the 17 solicitations, which are listed as cancelled, but have a NOIA or NOA uploaded, summarized in **Table 2**, the audit team will contact each entity so the appropriate documentation and status for each of these events can be confirmed and actioned.
4. SPD should conduct a “training needs assessment” for IOs to ensure that each has completed the necessary and required training² to post and manage solicitation events.

² For further information, please refer to the Certification/Recertification section located at <http://doas.ga.gov/state-purchasing/purchasing-education-and-training/purchasing-training-for-state-entities>