



**To:** APOs and CUPOs

**AUD #23-18**

**CC:** Jim Barnaby, Deputy Commissioner, State Purchasing Division  
Mary Chapman, Deputy Division Director, State Purchasing Division  
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**From:** Audits, State Purchasing Division

**Date:** November 29, 2022

**Re:** Audit of inactive NIGP code use – purchase orders (POs) issued in September 2022

### Audit Summary

National Institute of Governmental Purchasing (NIGP) codes are a universal taxonomy for identifying commodities and services in procurement systems. The State of Georgia uses the NIGP five-digit item code as a commodity code to classify products and services on POs.

For Team Georgia Marketplace™ (TGM) entities, there were \$232,584 in PO lines where inactive NIGP codes were used. For University System of Georgia (USG) entities<sup>1</sup>, there were \$12,504 in PO lines, where inactive NIGP codes were used.

### Audit Objectives

1. Determine how many PO lines had an inactive NIGP code.
2. Determine which state entities issued PO lines with an inactive NIGP code.

The audit scope and methodology used in this audit are summarized in **Appendix A**.

### Inactive NIGP codes

For TGM entities, 27 of the 231 NIGP codes classified as inactive were used. Inactive NIGP codes were used on 68 PO lines on 41 POs. These PO lines totaled \$232,584. The top three inactive NIGP codes totaled \$222,976, or 96% of the POs with inactive NIGP codes. These codes are summarized in **Table 1**. These codes became inactive effective January 1, 2016. Most inactive codes reference the active code, which should be used in the code's description. NIGP code 91885, for example, references NIGP code 91865 in its description, as seen below.

NIGP Code	Description
918	CONSULTING SERVICES
91885	Personnel and Employment Consulting, Human Resources (Inactive, please see commodity code 918-65 effective January 1, 2016)

Source: DOAS website (<https://ssl.doas.state.ga.us/gpr/loadNigpSearch>)

The active codes referenced are shown in blue font in **Table 1**.

<sup>1</sup> Excluding Augusta University. Augusta University provides their PO query quarterly. The audit team is working with Augusta University to get read-only access to their financial system so their POs can be audited monthly.

**Table 1  
Top Inactive NIGP Codes by PO Amount  
(TGM) September 2022**

<b>Inactive NIGP Code</b>	<b>Inactive NIGP Code Description (NIGP active code referenced)</b>	<b>PO Amount</b>	<b>Percent</b>	<b>Number of PO lines</b>
96114	Commissioning Facilities Service, Functional and Prefunctional (No active code is referenced) (a)	\$198,288	85%	1
90625	Design build, Architectural Services (No active code is referenced) (b)	\$19,500	8%	1
91885	Personnel and Employment Consulting, Human Resources (91865)	\$5,188	2%	3

Source: PeopleSoft query TGM\_oEPOo19D\_PO\_SPEND\_BY\_DATE

Notes:

- (a) Inactive NIGP code 96114 does not suggest an alternative. Upon review of the active codes, 91113, “C.I.P., Commissioning” is an appropriate alternative.
- (b) Inactive NIGP code 90625 does not suggest an alternative. Upon review of the active codes, 90610, “Buildings, Architectural Design Services” is an appropriate alternative.

For USG entities, 10 of the 231 NIGP codes classified as inactive were used. Inactive NIGP codes were used on 23 PO lines on 17 POs. These PO lines totaled \$12,503.93. The top three inactive codes totaled \$9,099, or 73% of the PO lines with inactive NIGP codes. Most inactive codes reference the active code, which should be used in the code’s description. The active codes referenced are shown in blue font in **Table 2**.

**Table 2  
Top Inactive NIGP Codes by PO Amount  
(USG) September 2022**

<b>Inactive NIGP Code</b>	<b>Inactive NIGP Code Description (NIGP active code referenced)</b>	<b>PO Amount</b>	<b>Percent</b>	<b>Number of PO lines</b>
91837	Economy Consulting (91849)	\$4,500	36%	1
96114	Commissioning Facilities Service, Functional and Prefunctional (No active code is referenced) (a)	\$2,600	21%	1
36067	Stair Treads, Rubber (36065)	\$1,999.5	16%	1

Source: 1) BOR\_OPOo19D\_PO\_LIST\_BY\_BU\_DTL; 2) PO data provided by Georgia Institute of Technology, Georgia State University, and University of Georgia.

Note:

- (a) Inactive NIGP Code 96114 does not suggest an alternative. Upon review of the active codes, 91113, “C.I.P., Commissioning” is an appropriate alternative.

### **Recommendations**

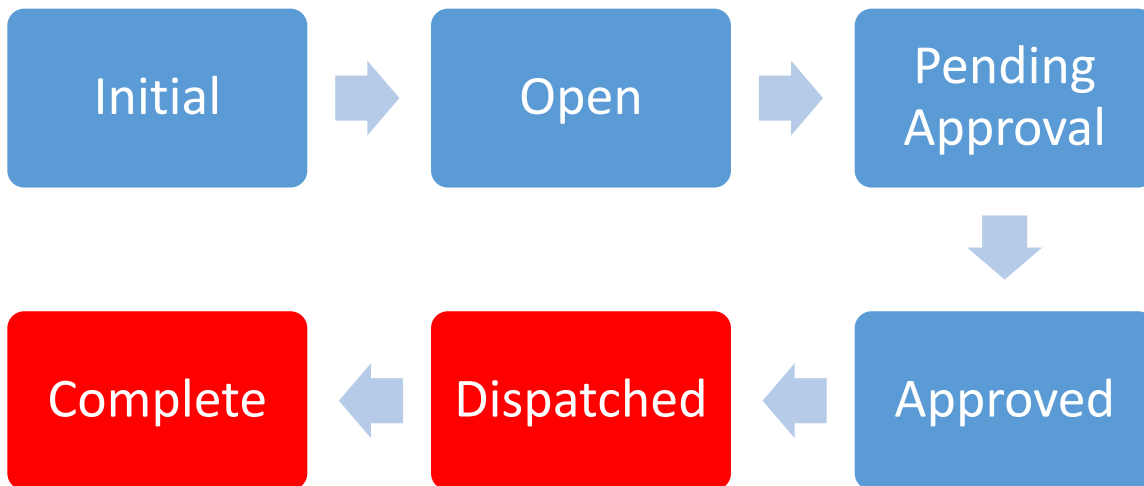
1. SPD should work with the appropriate IT support staff from DOAS, the State Accounting Office, and USG to remove inactive NIGP codes from the financial systems so inactive codes cannot be used on POs.
2. SPD should provide a crosswalk from all inactive codes to the respective active codes that should be used.
3. APOs/CUPOs should review PO data from this audit at the buyer level to ensure that staff is adequately trained and, where necessary, re-trained in the correct use of NIGP codes on POs. SPD should also consider offering a stand-alone course on NIGP code use for buyers, requestors, approvers, and APOs/CUPOs.
4. SPD should clarify if and when three-digit NIGP category codes may be used on POs.

# Appendix A

## Audit Scope and Methodology

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This audit is of purchase orders (POs) issued in September 2022 - POs with PO dates between September 1, 2022, through September 30, 2022. The PO dates were when the PO queries were run in October. The PO queries come from different financial systems. Except for the Georgia Institute of Technology, which uses Workday, all other audited state entities use PeopleSoft for their financial system. It is not the same instance of PeopleSoft since each instance is configured differently. The objective of the audit was to audit POs issued or dispatched. Since the PO queries are being run from different financial systems, the terminology used to indicate the PO status or the life cycle for POs varies. For TGM entities, the PO life cycle consists of the following steps:



Only those POs in the stage of dispatched or complete were included in this audit. Phases, before dispatched, represent the internal approval process a state entity uses before the PO is sent to the supplier. For TGM entities, this is known as dispatched. Complete is the status used when the PO is closed and can no longer be modified or used.