



To: College and University Purchasing Officers

AUD #21-02

CC: Lisa Eason, Deputy Commissioner, State Purchasing Division
Mary Chapman, Director of Policy, Training and Outreach, State Purchasing Division

From: Audits, State Purchasing Division

Date: August 10, 2020

Re: Fiscal Years 2018 and 2019 audit of Consortia Purchase Orders issued by University System of Georgia (USG) entities

Background

A consortia solicitation allows state entities to conduct a procurement outside of the required competitive solicitation process. Section 1.3.4.4 of the Georgia Procurement Manual (GPM) states that the State Purchasing Division (SPD) “may enter into and/or authorize state entities to enter into contracts with sources of supply established pursuant to competitive bidding conducted by other governmental entities or cooperative purchasing groups. However, prior to designating a supplier approved by a consortium or purchasing cooperative as an authorized source of supply, the state entity must publicly advertise its intent to contract with the consortium-approved/cooperative-approved supplier” on the Georgia Procurement Registry (GPR). The subsequent purchase order (PO) is normally coded as “ACC”¹ for state entity cooperative/consortia purchase.

Audit Objectives

1. Was the consortia purchase order (PO) coded correctly?
2. Did the consortia PO meet the requirements of the GPM?
3. Was the consortia PO order matched to a posting on the GPR?
4. Which agencies use ACC POs most?
5. Which vendors have the most ACC POs?

Conclusion

Overall, we did not find any major issues with ACC purchase orders. For the most part USG entities were posting their intent to use a consortium on the GPR as required by the GPM.

Fiscal year 2018:

Our audit identified 3,482 POs totaling \$12.2 million classified as ACC for USG entities. ACC POs represented only a fraction of the POs issued in fiscal year 2018 by University System of Georgia (USG) entities: only 1.1% of the 308,256 POs were classified as ACC, which amounted to only 0.6% of the \$1.98 billion of the total PO amount.

¹ The PO type used by the University of Georgia and the Georgia Institute of Technology is ACC State Entity Cooperative/Consortia Purchase.

Of the 3,482 POs classified as ACC we found:

- 3,179 POs (91%) totaling \$7.9 million required a notice to be posted to the GPR. Of these 3,607:
 - 3,048 POs (96%) totaling \$7.1 million were traced to a posting (39 different postings) on the GPR.
 - 131 POs (4%) totaling \$817,653 did not have a posting.
- 136 POs (4%) totaling \$166,593 were for purchases less than \$25,000, which do not require a posting on the GPR.
- 170 POs (5%) totaling \$4.1 million, were miscoded. Of these 170 POs:
 - 167 should have been coded as a state entity contract with the purchase type code of “AC”
 - three should have been coded as an exempt with the purchase type code of “EXM”

Other issues noted in a review of 39 postings to the GPR were the following:

1. There was one instance where the Notice of Award (NOA) was posted before the Notice of Intent to Award (NOIA). This was a posting for an award totaling \$145,000.
2. There were 13 instances where the required form SPD-A005 Notice of Award (NOA) was not posted to the event on the GPR. These were for awards totaling \$4.6 million.
3. There were three instances where the required form SPD-NI007 Notice of Intent to Utilize Consortium or Cooperative Agreement was not posted to the event.
4. There were 10 instances where the postings did not use the suggested language from table 1.8 of the GPM.
 - a. In two of these instances the form SPD-NI007 Notice of Intent to Utilize Consortium or Cooperative Agreement was not posted to the event.
 - b. In two of these instances there was no mention of using a consortium in the posting. Both postings listed the procurement as a sole source or sole brand.

In fiscal year 2018, 13 USG entities used the ACC purchase type code. These state entities are shown in **Table 1**.

Table 1
Fiscal Year 2018 ACC POs by USG Entity

USG Entity	PO Amount	# of POs
Georgia Institute of Technology	\$4,729,083	188
Georgia State University	\$2,888,808	844
University of Georgia	\$2,402,788	2,213
Georgia Gwinnett College	\$529,236	16
University of North Georgia	\$491,005	4
Georgia College and State University	\$392,268	5
Valdosta State University	\$332,715	125
University of West Georgia	\$274,172	71
Board of Regents	\$61,482	1
Kennesaw State University	\$44,799	11
Georgia Southern University	\$36,621	1
Albany State University	\$2,419	1
Bainbridge College	\$1,803	2
Source: Sources: 1) BOR_OPO019D_PO_LIST_BY_BU_DTL; 2) PO data provided by Augusta University, Georgia Institute of Technology, Georgia State University and University of Georgia.		

The 3,482 ACC POs were distributed across 52 different vendors although just three vendors account for 77% of the number of POs. The top 10 vendors by PO amount are shown in **Table 2**.

Table 2
Fiscal Year 2018 ACC POs by Vendor

Vendor	PO Amount	# of POs
B&H Foto Electronics Corporation	\$1,756,369	961
CDW Government	\$1,699,342	760
Musco Corporation	\$478,500	2
Shaw Contract Flooring Services	\$460,520	3
Armstrong Relocation Company	\$417,793	16
Carolina Environmental Systems	\$248,211	1
Home Depot USA Inc	\$232,771	803
CEIA USA Ltd	\$230,168	3
Cintas Corp	\$201,066	4
Trane US Inc	\$187,952	11
Source: Sources: 1) BOR_OPO019D_PO_LIST_BY_BU_DTL; 2) PO data provided by Augusta University, Georgia Institute of Technology, Georgia State University and University of Georgia.		

Fiscal year 2019:

Our audit identified 3,720 POs totaling \$17.9 million classified as ACC for University System of Georgia (USG) entities. ACC POs represented only a fraction of the POs issued in fiscal year 2019 by University System of Georgia (USG) entities: only 1% of the 315,581 POs were classified as ACC, which amounted to only 0.81% of the \$2.2 billion of the total PO amount.

Of the 3,720 POs classified as ACC we found:

- 3,607 POs (97%) totaling \$14.6 million required a notice to be posted to the GPR. Of these 3,607:
 - 3,137 POs (87%) totaling \$13.2 million were traced to a posting (46 different postings) on the GPR.
 - 470 POs (13%) totaling \$1.8 million did not have a posting.
- Fifty-eight POs (1.5%) totaling \$254,599, were for purchases less than \$25,000, which do not require a posting on the GPR.
- Fifty-five POs (1.5%) totaling \$1.8 million, were miscoded. Of these 55 POs:
 - 42 should have been coded as a state entity contract with the purchase type code of “AC”
 - 12 should have been coded as a statewide convenience contract with the purchase type code of “SWCC”
 - One should have been coded as intergovernmental with the purchase type of “IGA”

Other issues noted in a review of 46 postings to the GPR were the following:

1. There was one instance where the Notice of Award (NOA) was posted before the Notice of Intent to Award (NOIA). This was a posting for an award totaling \$190,000.
2. There were 13 instances where the required form SPD-A005 Notice of Award (NOA) was not posted to the event on the GPR. These were for awards totaling \$11.1 million.
3. There were 7 instances where the required form SPD-NI007 Notice of Intent to Utilize Consortium or Cooperative Agreement was not posted to the event.
4. There were 15 instances where the postings did not use the suggested language from table 1.8 of the GPM.
 - a. In six of these instances the form SPD-NI007 Notice of Intent to Utilize Consortium or Cooperative Agreement was not posted to the event.
 - b. In six instances there was no mention that a consortium was being used; however, form SPD-NI007 Notice of Intent to Utilize Consortium or Cooperative Agreement was posted to the event in five of the six instances.

In fiscal year 2019, 13 USG entities used the ACC purchase type code. These state entities are shown in **Table 3**.

Table 3
Fiscal Year 2019 ACC POs by USG Entity

USG Entity	PO Amount	# of POs
University of Georgia	\$8,438,692	2,534
Georgia Institute of Technology	\$3,302,312	47
Georgia State University	\$2,811,119	754
Valdosta State University	\$780,152	203
Georgia College and State University	\$745,489	8
Georgia Gwinnett College	\$711,516	27
University of West Georgia	\$660,902	105
Georgia Southern University	\$213,450	1
Fort Valley State University	\$100,753	29
Savannah State University	\$88,767	1
Gordon State College	\$34,499	2
Kennesaw State University	\$21,319	7
Atlanta Metropolitan State College	\$2,452	1
Middle Georgia State University	\$58	1
Source: Sources: 1) BOR_OPO019D_PO_LIST_BY_BU_DTL; 2) PO data provided by Augusta University, Georgia Institute of Technology, Georgia State University and University of Georgia.		

The 3,720 ACC POs were distributed across 71 different vendors although the same three vendors as in FY18 account for 75% of the number of POs. The top 12 vendors by PO amount are shown in **Table 4**.

Table 4
Fiscal Year 2019 ACC POs by Vendor

Vendor	PO Amount	# of POs
US Foods Inc	\$6,078,755	62
CDW Government Inc	\$3,730,412	730
B&H Foto & Electronics Corp.	\$1,136,380	1,076
Cambridge Computer Services, Inc	\$578,369	4
Blackboard Inc	\$551,847	18
Armstrong Relocation Company	\$512,900	10
Dimension Data	\$417,268	2
Nycom Inc	\$325,569	1
Musco Lighting LLC	\$308,000	2
Home Depot USA Inc	\$293,813	949
Siemens Industry, Inc.	\$233,315	2
SciQuest Inc	\$232,788	2
Source: Sources: 1) BOR_OPO019D_PO_LIST_BY_BU_DTL; 2) PO data provided by Augusta University, Georgia Institute of Technology, Georgia State University and University of Georgia.		

Recommendations

1. When conducting a consortia or cooperative purchase, state entities should always review the attached Official Announcement #20-01, "Use of Consortia and Cooperative Agreements" to ensure that only authorized sources of supply are being used.
2. APOs, purchasing staff and users of the GPR should review the process described in Section 1.3.4.4 of the GPM, Table 1.7 for conducting a consortia or cooperative purchase.
3. To promote consistency across the enterprise, SPD recommends the following best practices for creating and coding POs in each of the consortia or cooperative purchase scenarios described:
 - a. Consortia or cooperative notice posted for a one-time purchase of a good or service: after the Notice of Award (NOA) is posted, the PO is created and coded as ACC. The event ID from the GPR is noted in the PO header².
 - b. Consortia or cooperative notice posted for multiple purchases of goods or services for a period **not to exceed** one year: after the NOA is posted, the POs are created as needed and coded as ACC. The event ID from the GPR is noted in the PO header.
 - c. Consortia or cooperative notice posted to create a multi-year state entity contract for the purchase of goods or services: after the NOA is posted a state entity contract is created and the event ID now becomes the state entity contract number. All subsequent POs from this event are coded as a state entity contract (AC) and the state entity contract number is noted in the PO header.
 - d. When the state entity contract created in c. above is being renewed, there is no need to repost the consortia or cooperative purchase notice to the GPR. The posting requirements will have been satisfied during the initial (first year) of the contract. However, if the state entity contract has no remaining renewals a new consortia or cooperative purchase notice must be posted to the GPR if the goods or services are still required to be purchased.

² For purchasing systems where access to the header is limited or restricted, the event ID should be entered in any available PO Reference field.