



To: APOs

AUD #19-02

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

From: Audits, State Purchasing Division

Date: September 18, 2018

Re: Fiscal Year 2017 Audit of Emergency Purchase Orders (POs) issued by Team Georgia Marketplace (TGM) entities

Conclusion

We did not find any major issues with emergency purchase orders. Our audit identified 133 POs totaling \$7.7 million classified as emergency "EMER" in fiscal year 2017. Sole source POs represented only a small fraction of the POs issued in fiscal year 2017 by TGM agencies: only 0.0009% of the 145,180 POs were classified as emergency, which was only 0.014% of the \$5.6 billion of the POs issued. Using the requirements from the *Georgia Procurement Manual (GPM)* as guidance, the audit identified that only 74 (56%) of the 133 POs classified as emergencies needed to have such a designation. The remaining 59 purchase orders were valued at less than \$25,000 and were not required to be coded as emergencies. For the 8 POs where no emergency justification form could be located on the PO, we contacted the respective state entities for an explanation. We did not identify any instances where the emergency PO classification was used for a non-emergency purchase.

Background

The State Purchasing Division has granted the authority to state entities to purchase urgently needed items arising from unforeseen causes, including, but not limited to, extreme weather conditions or official declared emergencies. These types of events are described as emergency purchases. Emergency POs allow state entities to conduct procurements outside of the required competitive process. Consequently, emergency POs could be used to circumvent state procurement laws and regulations by claiming that a procurement is an emergency when it is not. Section 1.3.5 of the *GPM* states that "an emergency procurement is handled outside of the normal competitive process for purchases greater than \$24,999.99 because of the urgency of the circumstances." It further requires that SPD-NI004 Emergency Justification Form "must be attached at the header level of the PO in the system as well as other pertinent documentation relating to the emergency purchase."

Recommendation

To promote efficiency across the enterprise the audit team recommends to state entities that the SPD-NI004 and any other supporting documentation be uploaded as a single PDF document at the header¹ level of the PO rather than each separate document being attached individually to the PO.

¹ For purchasing systems where access to the header is limited or restricted, the documentation should be attached in an available PO Reference field.