



To: CUPOs

AUD #21-03

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

From: Audits, State Purchasing Division

Date: September 15, 2020

Re: Fiscal Year 2018 Audit of Emergency Purchase Orders (POs) issued by University System of Georgia (USG) entities

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, official declared emergencies, or immediate welfare of the general public. These types of events are described as emergency purchases. Emergency purchase orders (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 Georgia Procurement Manual (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.”

Audit Objectives

1. Was an emergency purchase required?
2. Was an emergency justification form completed?
3. Does the PO qualify as an emergency purchase?

Audit Summary

Our audit identified 155 POs totaling \$2.6 million classified as emergency in fiscal year 2018. There were 11 USG entities, which classified a PO as an emergency. These USG entities are summarized in the table below. Emergency POs represented only a small fraction of the POs issued in fiscal year 2018 by USG entities. Emergency POs accounted for only 0.13% of the \$2 billion of the POs issued.

USG Entities with Emergency POs	PO Amount	Percent	PO Count
Georgia State University	\$699,668	27%	23
Georgia Institute of Technology	\$607,529	24%	7
Georgia Southern University	\$394,457	15%	7
University of Georgia	\$212,907	8%	88
Kennesaw State University	\$200,692	8%	11
Georgia Gwinnett College	\$197,465	8%	4
Clayton State University	\$95,350	4%	2
University of North Georgia	\$61,132	2%	4
Board of Regents	\$60,000	2%	1
Fort Valley State University	\$26,775	1%	7
Savannah State University	\$180	<1%	1
Total	\$2,556,155	100%	155
Source: 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			

Audit Findings

Using the requirements from the GPM and State law as guidance, the audit identified:

1. 131 (85%) of the 155 POs classified as emergencies were less than \$24,999.99 and were not required to be coded as emergencies. The remaining 24 POs were greater than \$24,999.99 and required an emergency justification form.
2. We could not locate emergency justification forms for five (21%) of the 24 POs. These five POs are summarized below:
 - a. Four POs fell under the Board of Regents Public Works/Construction exemption – three POs were with Georgia State University and one PO was with Georgia Gwinnett College. Section 1.3.6.1 of the GPM refers to this exemption. Since this type of procurement is exempt under the State Purchasing Act the POs could have been classified as exempt or “EXM” and consequently no emergency justification form would have been needed.
 - b. One PO was with the University of Georgia. This PO was misclassified as an emergency PO and should have been classified as a statewide contract – convenience or “SWCC”
3. One emergency PO issued by Georgia Southern University had to be reissued since the first PO had the supplier listed incorrectly.
4. Two POs were issued for non-emergencies. These were both issued by Georgia Southern University and are described below:
 - a. An RFQ was done for t-shirts for student recruitment and awarded to three suppliers. After the RFQ was completed the suppliers said they could not meet the delivery deadline. An emergency PO was done to ensure the t-shirts were ready for Georgia Southern’s recruiting event.
 - b. A PO was done to pay contractors to serve as HVAC mechanics. Contractors were used to cover unfilled vacancies. The emergency justification form submitted in November 2017 indicated the contractors would be needed through the end of June 2018.

Neither of these issues appeared to be an emergency under section 1.3.5 of the GPM.

Recommendations

1. USG entities should continue to submit emergency justification forms and supporting documentation to process.improvement@doas.ga.gov.
2. Emergency POs should only be used for emergencies. If further violations are found, an entity may be subject to additional oversight or its delegated purchasing authority could be reduced as a result.