



**To:** Agency Purchasing Officers

**AUD #21-01**

**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 Team Georgia Marketplace™ (TGM) 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” 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?
6. Were the consortia or cooperative purchasing groups non-profit or government entities?

### **Conclusion**

For the most part state entities were posting their intent to use a consortium on the GPR as required by the GPM. However, we found six ACC POs from three state entities totaling \$1.9 million that did not have the required notice posted on the GPR. The largest PO was for \$1.7 million.

### **Fiscal year 2018:**

Our audit identified 101 POs totaling \$4.4 million classified as ACC for Team Georgia Marketplace™ (TGM) entities. ACC POs represented only a small fraction of the POs issued in fiscal year 2018 by Team Georgia Marketplace™ (TGM) entities: only 0.05% of the 190,160 POs were classified as ACC, which amounted to only 0.07% of the \$5.8 billion of the total PO amount.

Of the 101 POs classified as ACC we found:

- Seventy-three POs (72%) totaling \$4.0 million required a notice to be posted to the GPR. Of these 73 POs:
  - Sixty-seven POs (92%) totaling \$2.1 million were traced to a posting (15 different postings) on the GPR.
  - Six POs (8%) totaling \$1.9 million did not have a required posting.
- Seventeen POs (17%) totaling \$266,197, were for items that were exempt from the State Purchasing Act or purchased by state entities, which were exempt from the State Purchasing Act. Consequently, these exempt purchases did not require a notice to be posted on the GPR.
- Eight POs (8%) totaling \$70,352, were for purchases less than \$25,000, which do not require a posting on the GPR.
- Three POs (3%) totaling \$13,253, were miscoded as ACC. These POs should have been coded as a state entity contract with the purchase type code of “AC”.

Other issues noted in a review of the 13 postings<sup>1</sup> 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 \$132,134.
2. Four of the 13 postings did not use the suggested language from table 1.8 of the GPM. In all four cases there was no reference in the posting that a consortium was being used; however, in all four cases, form SPD-N1007 Notice of Intent to Utilize Consortium or Cooperative Agreement was posted to the event.
3. There was one instance where the required form SPD-A005 Notice of Award (NOA) was not posted to the event on the GPR. This was a posting for an award totaling \$100,000.

In fiscal year 2018 only 11 state entities<sup>2</sup> used the ACC purchase type code. These state entities are shown in **Table 1**.

**Table 1**  
**Fiscal Year 2018 ACC POs by Agency**

| <b>State Entity</b>                                    | <b>PO Amount</b> | <b># of POs</b> |
|--|------------------|-----------------|
| Public Health, Department of                           | \$2,388,482      | 58              |
| Transportation, Department of                          | \$687,468        | 7               |
| Labor, Department of                                   | \$353,395        | 6               |
| Human Services, Department of                          | \$271,552        | 2               |
| Secretary of State                                     | \$194,485        | 2               |
| Corrections, Department of                             | \$144,842        | 5               |
| Community Health, Department of                        | \$80,501         | 1               |
| Juvenile Justice, Department of                        | \$77,629         | 2               |
| Driver Services, Department of                         | \$12,310         | 1               |
| Wiregrass Georgia Technical College                    | \$3,845          | 1               |
| Source: PeopleSoft query TGM_oEPO019D_PO_SPEND_BY_DATE |                  |                 |

<sup>1</sup> Of the 15 postings, two were for purchases less than \$25,000. Purchases less than \$25,000 do not require a posting to the GPR. These two postings were not included in our review.

<sup>2</sup> This includes Georgia Correctional Industries (GCI), which is not under our purview. GCI issued 16 POs in the amount of \$164,247.

The 101 ACC POs were distributed across 29 different vendors. The top 10 vendors by PO amount are shown in **Table 2**.

**Table 2**  
**Fiscal Year 2018 ACC POs by Vendor**

| <b>Vendor</b>                          | <b>PO Amount</b> | <b># of POs</b> |
|--|------------------|-----------------|
| Theracom LLC                           | \$1,741,580      | 1               |
| Carahsoft Technology Corp              | \$500,058        | 6               |
| Medela Inc                             | \$318,729        | 50              |
| Levi Ray & Shoup Inc                   | \$286,746        | 1               |
| CDK Enterprises Inc                    | \$227,386        | 1               |
| Cloudburst Security                    | \$194,485        | 2               |
| Integrated Commercialization Solutions | \$184,000        | 2               |
| CDW Government LLC                     | \$164,247        | 16              |
| Safeware Inc                           | \$138,652        | 1               |
| Haz-Mat DQE                            | \$101,950        | 1               |

Source: PeopleSoft query TGM\_oEPO019D\_PO\_SPEND\_BY\_DATE

**Fiscal year 2019:**

Our audit identified 150 POs totaling \$10.6 million classified as ACC for Team Georgia Marketplace™ (TGM) entities. ACC POs represented only a small fraction of the POs issued in fiscal year 2019 by TGM entities: only 0.08% of the 181,930 POs were classified as ACC, which amounted to only 0.16% of the \$6.7 billion of the total PO amount.

Of the 150 POs classified as ACC we found:

- 123 POs (82%) totaling \$10.1 million required a notice to be posted to the GPR. Of these 123 POs:
  - Eighty POs (67%) totaling \$3.7 million were traced to a posting (27 different solicitations) on the GPR.
  - Forty-three POs (35%) totaling \$6.1 million did not have a posting.
- Twenty-three POs (15%) totaling \$82,134, were for purchases less than \$25,000, which do not require a posting on the GPR.
- Two POs (1%) totaling \$20,910, were for items that were exempt from the State Purchasing Act or purchased by state entities, which were exempt from the State Purchasing Act, which did not require a notice to be posted on the GPR.
- Two POs (1%) totaling \$412,686 were miscoded as ACC. These POs should have been coded as a state entity contract with the purchase type code of “AC” and as a state entity contract piggyback “ACP”.

Other issues noted in a review of the 27 postings to the GPR were the following:

1. Fifteen of the 27 postings did not use the suggested language from Table 1.8 of the GPM. In five of the 27 cases there is no reference in the posting that a consortium is being used.
2. There were two instances where the required form SPD-A005 Notice of Award (NOA) was not posted to the events on the GPR. This was for posting awards totaling \$175,000.

3. There was one instance where the required form SPD-NI007 Notice of Intent to Utilize Consortium or Cooperative Agreement Form was not posted to the event on the GPR. This was a posting for an award totaling \$249,000.

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

**Table 3**  
**Fiscal Year 2019 ACC POs by Agency**

| <b>State Entity</b>                                    | <b>PO Amount</b> | <b># of POs</b> |
|--|------------------|-----------------|
| Public Health, Department of                           | \$6,094,040      | 68              |
| Transportation, Department of                          | \$1,569,016      | 14              |
| Juvenile Justice, Department of                        | \$1,248,989      | 15              |
| Labor, Department of                                   | \$588,695        | 9               |
| Driver Services, Department of                         | \$272,896        | 2               |
| Human Services, Department of                          | \$267,223        | 2               |
| Audits and Accounts, Department of                     | \$166,523        | 4               |
| Corrections, Department of                             | \$116,174        | 11              |
| Technical College System of Georgia                    | \$96,511         | 1               |
| Community Affairs, Department of                       | \$87,302         | 3               |
| Community Health, Department of                        | \$64,365         | 1               |
| Community Supervision, Department of                   | \$62,151         | 18              |
| Source: PeopleSoft query TGM_oEPO019D_PO_SPEND_BY_DATE |                  |                 |

The 150 ACC POs were distributed across 34 different vendors. The top 10 vendors by PO amount are shown in **Table 4**.

**Table 4**  
**Fiscal Year 2019 ACC POs by Vendor**

| <b>Vendor</b>  | <b>PO Amount</b> | <b># of POs</b> |
|--|------------------|-----------------|
| Merck Sharp & Dohme Corp                               | \$3,011,543      | 13              |
| Pfizer Inc   | \$1,930,695      | 4               |
| Aspen Aerials Inc                                      | \$871,460        | 1               |
| Carahsoft Technology Corp                              | \$582,254        | 8               |
| Glaxosmithkline  | \$522,100        | 2               |
| Wescott Technology Corporation                         | \$453,652        | 4               |
| Axon Enterprise Inc                                    | \$381,430        | 1               |
| Watchguard Technologies                                | \$353,960        | 1               |
| Medela Inc   | \$310,574        | 38              |
| Hyland Software Inc                                    | \$272,896        | 2               |
| Source: PeopleSoft query TGM_oEPO019D_PO_SPEND_BY_DATE |                  |                 |

<sup>3</sup> This includes Georgia Correctional Industries (GCI), which is not under our purview. GCI issued two POs in the amount of \$20,910.

## 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 header<sup>4</sup>.
  - 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.

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<sup>4</sup> For purchasing systems where access to the header is limited or restricted, the event ID should be entered in any available PO Reference field.