



To: Agency Purchasing Officers

AUD #22-03

CC: Mary Chapman, Interim Deputy Commissioner, State Purchasing Division

From: Audits, State Purchasing Division

Date: October 26, 2021

Re: Fiscal Year 2020 audit of Consortia Purchase Orders issued by Team Georgia Marketplace™ (TGM) entities

Conclusion

For the most part state entities were posting their intent to use a consortium on the GPR as required by the GPM and are using the consortia purchase type code “ACC” correctly on purchase orders (POs). However, we found 14 ACC POs from four state entities totaling \$3.3 million that did not have the required notice posted on the GPR. The largest PO was for \$412,548.

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 state entities use ACC POs most?
5. Which vendors have the most ACC POs?

Audit Summary:

Our audit identified 94 POs totaling \$8.3 million classified as ACC for Team Georgia Marketplace™ (TGM) entities. ACC POs represented only a small fraction of the POs issued in fiscal year 2020 by Team Georgia Marketplace™ (TGM) entities: only 0.06% of the 159,197 POs were classified as ACC, which amounted to only 0.13% of the \$6.5 billion of the total PO amount.

In the audit we reviewed all the 94 POs classified as ACC. We found:

- 72 POs (80%) totaling \$7.7 million required a notice to be posted to the GPR. Of these 72:
 - 62 POs (86%) totaling \$5.0 million were traced to a GPR posting (24 different postings)¹ on the GPR.
 - 10 POs (14%) totaling \$2.7 million did not have a required posting.
- 15 POs (17%) totaling \$78,363, were for purchases less than \$25,000, which do not require a posting on the GPR.
- 6 POs (6%) totaling \$398,497, were miscoded as ACC.
- 1 PO (1%) totaling \$179,00 was issued by an entity that is exempt from the State Purchasing Act

We also reviewed each of the 34 consortia postings that were made to the GPR in fiscal year 2020. There were no major issues with these postings. The following items are noted for review purposes only:

1. Thirty-one of the consortia postings contained the required Notice of Award.
2. Fifteen of the postings did not include in their description, the protest language recommended in Table 8.1 of the Georgia Procurement Manual.
3. Two of the postings were cancelled.
4. One posting is still shown with a status of “Notice of Intent to Award” and should be updated as required.
5. The 34 consortia postings resulted in:
 - 17 POs coded as consortia with the purchase type code of ACC, which were included in this audit.
 - Five POs coded as a statewide contract – purchase type code of “SWCC” (4) and purchase type code of “SWCM” (1).
 - Four POs coded as a state entity contract with the purchase type code of “AC”.
 - Two POs coded as an open market purchase with the purchase type code of “OMP”.
 - Six postings did not result in a PO since the posting was cancelled, not awarded, or no PO could be identified as being issued (in fiscal years 2020 or 2021) although the posting was listed as awarded.

In fiscal year 2020, twenty (20) state entities² used the ACC purchase type code. Ten state entities³ accounted for 93% of the total PO amount and these state entities are shown in **Table 1**.

¹ Of the 24 postings, 17 were done in fiscal year 2020, four in fiscal year 2018, one in fiscal year 2017, and two in fiscal year 2016.

² This includes Georgia Correctional Industries (GCI) and Georgia Technology Authority (GTA), which are not under our purview. GCI issued two POs in the amount of \$1,155 and GTA issued one PO in the amount of \$179,000.

³ This does not include GTA, which had a PO of \$179,000, but is not under the purview of DOAS.

Table 1
Fiscal Year 2020 ACC POs by Top Ten State Entities

State Entity	PO Amount	Number of POs
Public Health, Department of	\$3,082,866	43
Revenue, Department of	\$1,263,288	1
Governor, Office of the	\$1,192,853	2
Transportation, Department of	\$1,003,002	10
Driver Services, Department of	\$294,094	4
Insurance, Department of	\$241,755	1
Juvenile Justice, Department of	\$191,758	10
Secretary of State	\$165,068	1
Labor, Department of	\$154,074	1
Community Affairs, Department of	\$152,306	3
Source: PeopleSoft query TGM_oEPO019D_PO_SPEND_BY_DATE		

The 94 ACC POs were distributed across 32 different vendors. The top 10 vendors by PO amount accounted for 91% of the total PO amount and are shown in **Table 2**.

Table 2
Fiscal Year 2020 ACC POs by Vendor

Vendor	PO Amount	Number of POs
Merck Sharp & Dohme Corp	\$2,590,806	9
Executive Information Systems LLC	\$2,180,144	2
SHI International Corp	\$473,289	3
Carahsoft Technology Corp	\$464,596	7
CDW Government LLC	\$426,849	5
Bridge Intelligence LLC	\$415,759	1
Integrated Commercialization Solutions	\$305,590	1
Hyland Software Inc	\$291,096	2
DLT Solutions LLC	\$275,997	1
Medela Inc	\$173,359	29
Source: PeopleSoft query TGM_oEPO019D_PO_SPEND_BY_DATE		

The 94 POs had an average value of \$88,678 and 57 (61%) of the POs were under \$25,000.

Recommendations

1. When conducting a consortia or cooperative purchase, state entities should always review Section 1 of the attached Official Announcement #21-03, "Announcement of Revised Procurement Policies; House Bill 953". The Official Announcement #21-03 made the policy revisions effective January 4, 2021.
2. APOs should review all their state entity's current consortia contracts and agreements to ensure that they are within the allowed number of renewals and to ensure that the most current consortia agreement is being used.

3. APOs, purchasing staff and users of the GPR should review the process described in Section 1.3.4.4 of the GPM, Tables 1.7 and 1.8 for conducting a consortia or cooperative purchase.
4. 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 header⁴.
 - 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. The public notice must specify that a multi-year agreement is being established and identify the proposed contract term. No state entity contract (AC) may exceed five years without SPD prior approval in accordance with GPM Section 3.6.2 Requirements for Multi-Year Agreements.
 - 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. Prior to exercising the renewal, the state entity must verify that the consortia or cooperative contract is still valid and in effect and that renewing the state entity contract is not in conflict with the Order of Precedence.
5. A PO should only be coded as ACC if a consortia posting has been done on the GPR. When considering if a posting on the GPR is necessary the APO/CUPO should consider the aggregate amount of purchases, which will be done in a 12-month period. If the aggregate amount is \$25,000 or more, a posting would be required. This amount could be reached in a single PO or through several smaller POs, when combined exceed \$25,000.

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