



To: APOs and CUPOs

AUD #24-03

CC: Jim Barnaby, Deputy Commissioner, State Purchasing Division
Mary Chapman, Deputy Division Director, State Purchasing Division
Mukesh Patel, State Purchasing Division Portfolio Manager

From: Audits, State Purchasing Division

Date: July 25, 2023

Re: Audit of three-digit NIGP category code use—purchase orders (POs) issued in April 2023

Audit Summary

National Institute of Governmental Purchasing (NIGP) codes are a universal taxonomy for identifying commodities and services in procurement systems. The State of Georgia uses the NIGP five-digit item code as a commodity code to classify products and services on POs.

For Team Georgia Marketplace™ (TGM) entities, there was \$1,401 in PO lines, where a three-digit NIGP category code was used. For University System of Georgia (USG) entities, there were \$3.1 million in PO lines, where a three-digit NIGP category code was used.

Audit Objectives

1. Determine how many PO lines contained a three-digit NIGP category code.
2. Determine which state entities issued PO lines with three-digit NIGP category codes.

The audit scope and methodology used in this audit are summarized in **Appendix A**.

Audit Objective: Three-digit NIGP category code

For TGM entities, we found 1 PO line on 1 PO, where a three-digit NIGP category code was used. This PO line was \$1,401. The three-digit NIGP categories end in “00” and only provide a general description of what was purchased. Section 6.3.1 of the Georgia Procurement Manual (GPM) requires a PO must contain a commodity code. The commodity codes used by the State of Georgia are five-digit NIGP codes. TGM entities used 1 three-digit NIGP category codes. This code is summarized in **Table 1**.

Table 1
Three-digit NIGP Category Code Used
(TGM) April 2023

NIGP Code	NIGP Code Description	PO Amount	Number of PO Lines
96300	Miscellaneous Fees, Dues, Permits, Registrations, Rebates, Postage, Taxes	\$1,401	1

Source: PeopleSoft query TGM_oEPO019D_PO_SPEND_BY_DATE

For USG entities, we found 3,840 PO lines on 2,265 POs where a three-digit NIGP category code was used. These PO lines totaled \$3.1 million. USG entities used 101 three-digit NIGP category codes. The top six three-digit NIGP category codes by PO amount are summarized in **Table 2**. These six three-digit NIGP category codes accounted for 80% of the \$3.1 million in PO lines with three-digit NIGP category codes.

Table 2
Three-digit NIGP Category Codes
Used (USG) April 2023

NIGP Code	NIGP Code Description	PO Amount	Number of PO Lines
20400	Computer Hardware and Peripherals for Microcomputers	\$1,522,398	730
96100	Miscellaneous Services, NO. 1 (Not Otherwise Classified)	\$500,000	1
18000	Chemical Raw Materials	\$141,751	454
49000	Laboratory Equipment, Accessories and Supplies: General Analytical and Research for Nuclear, Optical and Physical	\$139,189	78
17500	Chemical Laboratory Equipment and Supplies	\$98,019	394
20800	Computer Software for Microcomputers, Systems, including Cloud-Based (Preprogrammed)	\$85,038	8

Source: 1) BOR_OPO019D_PO_LIST_BY_BU_DTL; 2) PO queries for Georgia Institute of Technology, Georgia State University, and Augusta University; and 3) PO data provided by the University of Georgia.

Recommendations

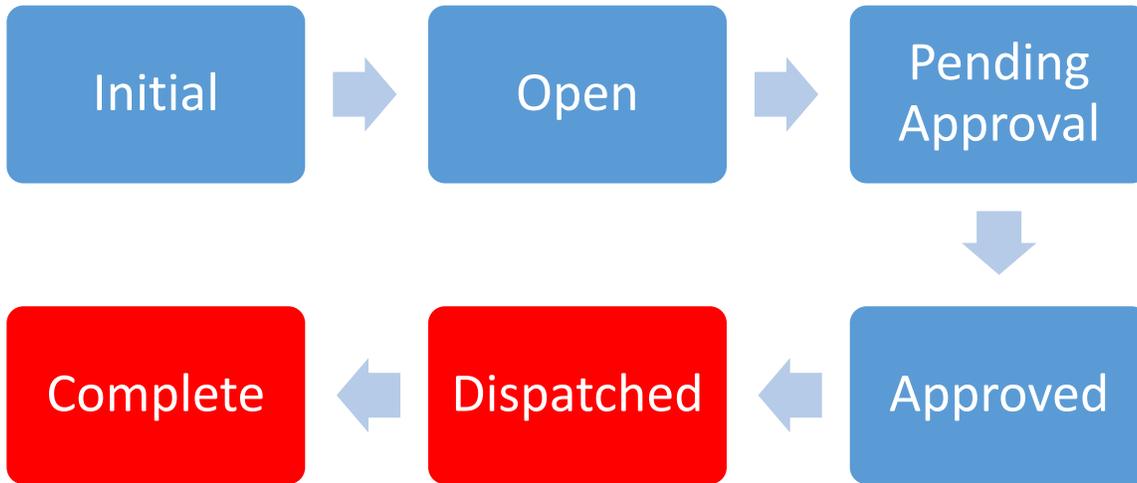
1. SPD should clarify when three-digit NIGP category codes may be used on POs.
2. SPD should work with the appropriate IT support staff from the Department of Administrative Services (DOAS), the State Accounting Office, and USG to prevent the use of three-digit NIGP category codes on PO lines, where prohibited.
3. SPD Audits will work with the appropriate IT support staff from the Department of Administrative Services (DOAS) and the USG to review and, where necessary, correct the crosswalks used in catalogs to translate United Nations Standard Products and Services Codes® (UNSPSC) to NIGP codes. This will help to eliminate most of the system-generated 3-digit coding errors on PO lines.
4. SPD should provide a crosswalk from the most often used three-digit NIGP category codes to the five-digit codes that should be used.
5. APOs/CUPOs should review PO data from this audit at the buyer level to ensure that staff is adequately trained and, where necessary, re-trained in using NIGP codes on POs. SPD should also consider offering a stand-alone course on NIGP code use for buyers, requestors, approvers, and APOs/CUPOs.

Appendix A

Audit Scope and Methodology

July 25, 2023
Page 1 of 1

This audit is of purchase orders (POs) issued in April 2023 - POs with PO dates between April 1, 2023, through April 30, 2023. The PO dates were when the PO queries were run in June 2023. The PO queries come from different financial systems. Except for the Georgia Institute of Technology, which uses Workday, all other audited state entities use PeopleSoft for their financial system. It is not the same instance of PeopleSoft since each instance is configured differently. The objective of the audit was to audit POs issued or dispatched. Since the PO queries are run from different financial systems, the terminology used to indicate the PO status or the life cycle for POs varies. For TGM entities, the PO life cycle consists of the following steps:



Only those POs in the stage of dispatched or complete were included in this audit. Phases, before dispatched, represent the internal approval process a state entity uses before the PO is sent to the supplier. For TGM entities, this is known as dispatched. Complete is the status used when the PO is closed and can no longer be modified or used.