To: APOs and CUPOs

AUD #24-74

CC: Jim Barnaby, Deputy Commissioner, State Purchasing Division
Mary Chapman, Deputy Division Director, State Purchasing Division
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From: Audits, State Purchasing Division

Date: April 25, 2024

Re: Audit of inactive NIGP code use – purchase orders (POs) issued in March 2024

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 were $176,784 in PO lines where inactive NIGP codes were used. For University System of Georgia (USG) entities, there were $597,886 in PO lines, where inactive NIGP codes were used.

Audit Objectives
1. Determine how many PO lines had an inactive NIGP code.
2. Determine which state entities issued PO lines with an inactive NIGP code.

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

Inactive NIGP codes
For TGM entities, 18 of the 231 NIGP codes classified as inactive were used. Inactive NIGP codes were used on 49 PO lines on 31 POs. These PO lines totaled $176,784. The top three inactive NIGP codes totaled $148,680 or 84% of the POs with inactive NIGP codes. These codes are summarized in **Table 1.** These codes became inactive effective January 1, 2016. Most inactive codes reference the active code, which should be used in the code's description. NIGP code 91885, for example, references NIGP code 91865 in its description, as seen below.

NIGP Code	Description
918	CONSULTING SERVICES
91885	Personnel and Employment Consulting, Human Resources (Inactive, please see commodity code 918-65 effective January 1, 2016)

Source: DOAS website (https://ssl.doas.state.ga.us/gpr/loadNigpSearch)
The active codes referenced are shown in blue font in **Table 1**.

Table 1
Top Inactive NIGP Codes by
PO Amount (TGM) March 2024

Inactive NIGP Code	Inactive NIGP Code Description (NIGP active code referenced)	PO Amount	Percent	Number of PO lines
91837	Economy Consulting (91849)	$75,000	42%	1
89574	Welding Goggles, Helmets, Chin Straps & Face Shields (89572)	$50,080	28%	11
90779	Surveying Services (91140)	$23,600	13%	3
Source: PeopleSoft query TGM_0EPO019D_PO_SPEND_BY_DATE				

For USG entities, 8 of the 231 NIGP codes classified as inactive were used. Inactive NIGP codes were used on 30 PO lines on 11 POs. These PO lines totaled $597,886. The top three inactive codes totaled $591,589, or 99% of the PO lines with inactive NIGP codes. Most inactive codes reference the active code, which should be used in the code's description. The active codes referenced are shown in blue font in **Table 2**.

Table 2
Top Inactive NIGP Codes by
PO Amount (USG) March 2024

| Inactive NIGP Code	Inactive NIGP Code Description (NIGP active code referenced)	PO Amount	Percent	Number of PO lines
96216	Bus Transportation Services, School (96113)	$571,975	96%	18
96163	Relocation Services for Personnel (96256)	$12,864	2%	2
57088	Tile, Metal (13581)	$6,750	1%	1
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 provide a crosswalk from all inactive codes to the respective active codes that should be used.

2. APOs/CUPOs should review PO data from this audit at the buyer level to ensure that staff are 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.

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This audit is of purchase orders (POs) issued in March 2024 - POs with PO dates between March 1, 2024, through March 31, 2024. The PO dates were when the PO queries were run in April 2024. 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:

Initial → Open → Pending Approval

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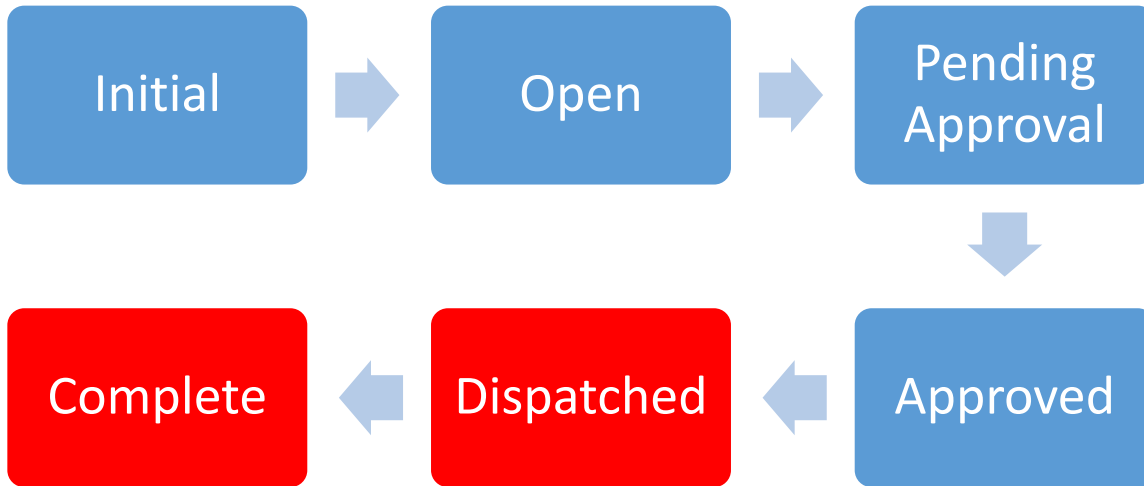
Only those POs in the stage of dispatched or complete were included in this audit. Phases, before dispatched, represent the internal approval process a state entity uses before the PO is sent to the supplier. For TGM entities, this is known as dispatched. Complete is the status used when the PO is closed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