



To: APOs and CUPOs

AUD #24-79

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

From: Audits, State Purchasing Division (SPD)

Date: May 14, 2024

Re: Audit of Emergency Purchase Orders (POs) issued by Team Georgia Marketplace™ and University System of Georgia entities in the months of January 2024 through March 2024

Audit Objectives

1. Was an emergency purchase required?
2. Was the emergency justification form (SPD-NI004) completed?

Background

In accordance with O.C.G.A. §50-5-71, SPD has granted the authority to state entities to purchase urgently needed items during emergencies. Emergency purchases shall be limited to those supplies, services, or items necessary to respond to the emergency. On April 12, 2022, the Department of Administrative Services (DOAS) released Official Announcement #22-06, which revised the emergency purchasing policy. These changes became effective on July 1, 2022.

Audit Summary

SPD Audits identified 48 POs totaling \$6.7 million classified as an emergency in the months of January 2024 through March 2024. Of the 48 POs audited, 46 totaling \$6.6 million were under the purview of the DOAS. The 48 POs were issued by 22 different state entities. The four state entities that issued the highest value of emergency POs from January 2024 through March 2024 accounted for 69% of all emergency POs and are summarized in **Table 1**.

Table 1
Top 4 State Entities under the Purview of DOAS
Emergency POs issued in the second quarter of Fiscal Year 2024

State Entities	PO Amount	Percent	PO Count
Georgia Institute of Technology	\$1,662,304	25.1%	6
Georgia Department of Labor	\$1,516,589	22.9%	3
Board of Regents	\$870,648	13.2%	1
Georgia State University	\$528,753	8.0%	7

Sources: 1) TGM_oEPO019D_PO_SPEND_BY_BU_DTL; 2) PO queries for Georgia Institute of Technology, Georgia State University, Augusta University; and the 3) PO data provided by the University of Georgia.

Audit Results

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

1. Of the 46 emergency POs under the purview of DOAS, 37 required an Emergency Justification Form. We were able to locate 25 (68%) Emergency Justification Forms. Nine POs had a value of less than \$25,000 and were not required to be classified as an emergency. Although not necessary, Emergency Justification Forms were submitted for five of the nine POs.
2. The state entities that issued the 12 emergency POs were contacted regarding the Emergency Justification Form and requested to take action to complete and attach the missing forms to the PO. Four state entities submitted the Emergency Justification Form after they were contacted by SPD Audits.
3. There were eight POs totaling \$1.7 million, which fell under the Board of Regents Public Works/Construction exemption. 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 “CSN” construction. Consequently, no emergency justification form would have been needed. These POs had the correct Emergency Justification Form attached.
4. We would like to commend Albany Technical College, Board of Regents, Central Georgia Technical College, Gwinnett Technical College, North Georgia Technical College, the Department of Defense, the Department of Public Health, and the Department of Natural Resources, the Department of Corrections, Georgia Institute of Technology, Georgia State University, and Kennesaw State University for following the emergency purchase procedures and completing the Emergency Justification Form.

Recommendation

1. For existing emergencies that span fiscal years and now require longer-term solutions and procurements to resolve, APOs and CUPOs are reminded that they should seek advice, guidance, and approval as applicable from SPD Policy via spdpolicy@doas.ga.gov before
 - a. encumbering additional funds on existing POs
 - b. creating new POs, or
 - c. extending a contractual relationship with a supplier
2. SPD Audits recommend that APOs and CUPOs, and state entity procurement staff be reminded of the requirements of Section 1.3.5 of the Georgia Procurement Manual before coding POs as “emergency.”
3. APOs and CUPOs should review the current (revised 07/01/2022) version of Form SPD-NI004 with procurement staff and business owners at their entity. They should also share the [Emergency Purchasing Policy Updates](#) webinar with the team and business owners involved in emergency procurements.