



To: APOs and CUPOs

AUD #26-10

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

From: Audits, State Purchasing Division

Date: September 30, 2025

Re: Audit of Open Market Purchases – POs issued in July 2025

Background

Section 1.3.4.5 of the Georgia Procurement Manual (GPM) provides that state entities “may elect to go to the open market to identify a source of supply for the needed good or service (if) the APO/CUPO determines an open market purchase is the appropriate purchasing method under Tier 4 of the Order of Precedence.” When the competitive bidding rules are applicable, under normal circumstances, this election may only be made when no source of supply exists from a:

1. Mandatory statewide contract (Tier 1 of the Order of Precedence)
2. Existing state entity contract (Tier 2 of the Order of Precedence)
3. The statutory source of supply (Tier 3 of the Order of Precedence)

When purchasing from the open market, “the state entity may not split reasonably foreseeable or related purchases into two or more transactions to circumvent the requirement that any purchase of \$25,000 or more is based on competitive bidding.” Section 6.3.1.2 of the GPM states the purchase type of OMP should be used if “A state entity’s purchase made on the open market when not using a contract and the PO amount is less than \$25,000.” Selecting the correct purchase type code of “OMP” for open market purchases allows accurate spend data to be collected by various staff, from contract managers, entity procurement staff, budget analysts, and auditors. The audit scope and methodology used in this audit are summarized in **Appendix A**.

Audit Summary

SPD Audits reviewed every PO coded as an open market purchase across the enterprise with a dollar amount of \$25,000 or greater. This sample included 69 POs that totaled \$14.7 million. These 69 POs represented 0.41% of all OMP POs for July 2025.

Audit Objectives

1. Determine if OMP POs were coded correctly.
2. For OMP POs miscoded, identify the correct purchase type.
3. Identify areas for improvement related to the coding of OMP POs.

Audit Issues

In July 2025, 16,798 POs totaling \$55.5 million were coded as an open market purchase (OMP). Of these POs, 69 POs were \$25,000 or more. These 69 POs totaled \$14.7 million, or 27% of all OMP POs amount issued in July 2025. SPD Audits reviewed these POs to determine if they were correctly coded as OMP.

SPD Audits found that 36 (52%) of the 69 POs sampled appeared to be incorrectly coded as OMP. These POs totaled \$7.9 million (53%) of the \$14.7 million POs reviewed. These 35 POs appeared to be miscoded for the following reasons. These POs are also summarized in **Table 1**.

1. Exempt (EXM) – these POs were related to services or products exempt from the State Purchasing Act or used an exempt NIGP code on the PO.
2. Statewide contracts (SWCC or SWCM) – these were POs to suppliers on either statewide contract - convenience (SWCC) or statewide contract - mandatory (SWCM). The statewide contract number was sometimes cited in the Contract ID field.
3. Title 32 (T32) – this PO appeared to relate to the services ancillary to constructing and maintaining a public road, which is exempt from the State Purchasing Act.
4. State entity contract (AC) – these POs appeared to be related to an agency contract (AC) since an existing contract was attached to the PO or a contract number was referenced in the PO header or cited in the Contract ID field.
5. Intergovernmental Agreements (IGA) – these POs were related to grant awards from state entities, most often to local government entities, POs to GCI, or POs issued to other state entities. POs of this sort should be coded as IGA.
6. Construction/Public Works (CSN) – this PO falls under the Construction/Public Works Exemption section of the Georgia Procurement Manual (Section 1.3.6.1).

Table 1
Summary of OMP POs,
which appear to be miscoded – July 2025

Original Purchase Type Code	Correct Purchase Type Code	Description	Number of POs	PO Amount
OMP	EXM	Exempt	16	\$4,205,425
OMP	SWCC	Statewide Contract - Convenience	1	\$2,203,088
OMP	T32	Title 32	5	\$790,500
OMP	AC	Agency Contract	5	\$278,702
OMP	IGA	Intergovernmental Agreements	3	\$170,123
OMP	SWCM	Statewide Contract - Mandatory	3	\$121,815
OMP	CSN	Construction/Public Works	3	\$107,292
		Total	36	\$7,876,944

Sources: 1) PeopleSoft query TGM_oEPOo19D_PO_SPEND_BY_DATE; 2) BOR_OPOo19D_PO_LIST_BY_BU_DTL; 3) PO queries for Georgia Institute of Technology, Georgia State University, and Augusta University; and 4) PO data provided by the University of Georgia.

Four of these POs were related to a solicitation or posting on the Georgia Procurement Registry (GPR). These events were two sole source postings, one consortia posting, and one Request for Quotes (RFQ).

For the remaining 33 POs, totaling \$6,854,621, we found the following:

1. Twenty POs, totaling \$6,149,631, were correctly coded as OMP. These POs were conducted as procurements outside of the authority of the State Purchasing Act and not under the purview of the Department of Administrative Services (DOAS).
2. Ten POs, totaling \$503,027 were found to be non-compliant. These ten POs are described below.
 - Five POs, totaling \$191,796 are with the same entity and are for dumpster service at various locations. Each PO is over the bid threshold (ranging from \$25,846 to \$63,735) but each PO has multiple lines, with each PO line indicating a different location. It is unclear if each location could have been procured separately. The five POs were issued to four different suppliers.
 - Two POs are with the same entity. One PO is for \$159,052 for trash pick-up at multiple locations and the other PO is for \$35,700 for recycling at one location.
 - One PO was for \$54,000 and the entity was granted a waiver not to use a mandatory statewide contract. The entity mistakenly thought that they did not have to bid for the service since they were given a waiver.
 - One PO for \$32,479 was for software, which did not appear to be exempt from the State Purchasing Act and should have been awarded through a solicitation or other purchasing method permitted by the GPM.
 - One PO was for \$30,000 and the buyer sent it to the wrong supplier, who was under a statewide contract, when it was not. The statewide supplier sent the PO to the correct supplier and the goods were delivered before the procurement error had been identified and corrected.
3. Two POs, totaling \$171,142 were cancelled.
4. One PO, totaling \$30,820 should have been processed as two separate POs since the PO was for two different types of insurance.

Recommendations

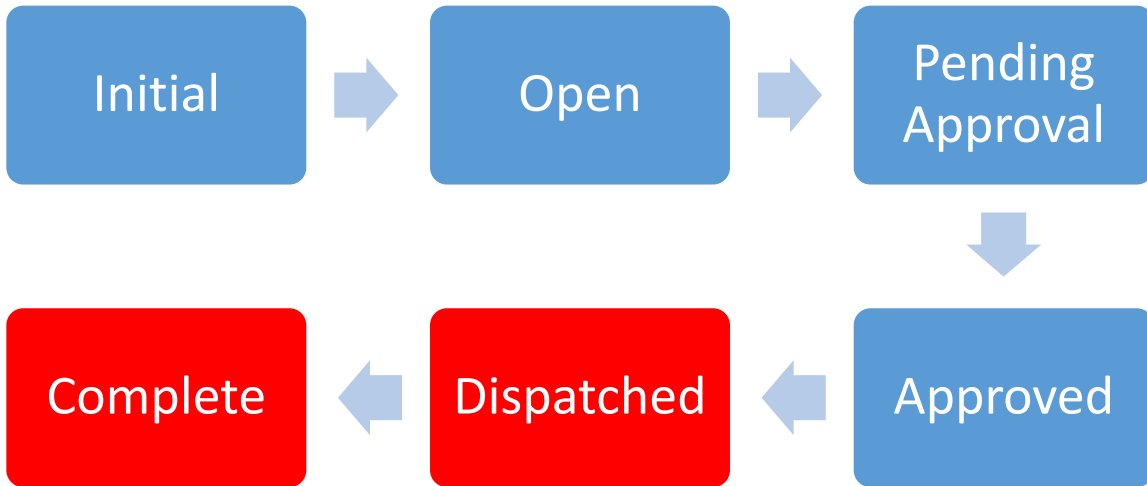
1. APOs and CUPOs should review all recent POs coded as OMP with a value of \$25,000 or more to determine whether the correct purchase type code has been used.
2. APOs/CUPOs should review PO data from this audit at the buyer level to ensure that staff is adequately trained and, where necessary, re-trained in the correct use of purchase type codes.
3. APOs/CUPOs should ensure staff review [Official Announcement 25-02](#) regarding the revised use of PO type codes and [SPD-AP016 Purchase Order Type Quick Reference Guide](#).
4. Since posting on the GPR allowed the state entity to demonstrate that they have satisfied the competitive bidding requirements, the resulting one-time POs with values more than \$24,999.99 should include the event ID in the PO header or the PO reference field. Additionally, APOs and CUPOs should remind their procurement staff that POs should always be sourced from an event, where possible, so event IDs can easily be referenced on POs and POs to the event from which they emanate.
5. SPD should provide guidance on what constitutes a single procurement. Depending on the circumstances, the same service procured for different geographic locations may be considered a single cumulative procurement or each location could be considered a separate procurement. SPD has formed a working group of members from the Purchasing Customer Advisory Panel (PCAP) and SPD staff to clarify related purchases for purposes of applying the \$25,000 bid threshold rule.

Appendix A

Audit Background, Scope and Methodology

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This audit is of purchase orders (POs) issued in July 2025 - PO dates between July 1, 2025, through July 31, 2025. The PO dates were current as of the date the PO queries were run, which was the first week of August. 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 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 the TGM entities, this is known as dispatched. Complete is the status used when the PO is closed and can no longer be modified or use.