



**To:** APOs and CUPOs

**AUD #23-04**

**CC:** Jim Barnaby, Deputy Commissioner, State Purchasing Division

**From:** Audits, State Purchasing Division (SPD)

**Date:** October 31, 2022

**Re:** Fiscal Year 2022 Audit of Emergency Purchase Orders (POs)

## 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. These types of events may result in emergency purchases or an emergency purchase order (PO). Emergency purchases are an exception to the Order of Precedence and allow state entities to conduct procurements outside the required competitive process. Consequently, emergency POs could be used to circumvent state procurement laws and regulations by claiming that a procurement is an emergency when it is not. Section 1.3.5 of the Georgia Procurement Manual (GPM) states that “an emergency procurement is handled outside of the normal competitive procurement process for purchases greater than \$24,999.99 because of the urgency of the circumstances.” The GPM further requires that SPD-NI004 emergency justification form “must be attached at the header level of the PO in the system as well as other pertinent documentation relating to the emergency purchase.”

## Audit Objectives

1. Was an emergency PO needed?
2. Was an emergency justification form completed?

## Audit Summary

The audit identified 419 POs totaling \$194.2 million classified as an emergency in fiscal year 2022. Of these, 170 POs totaling \$189.2 million were under the purview of the Department of Administrative Services (DOAS), and 249 POs totaling \$5.0 million were not. The emergency POs not under the purview of DOAS were POs issued by entities not subject to the State Purchasing Act (section 1.2.1.1 of the GPM) or were under the Board of Regents public works contract exemption (section 1.2.1.2 of the GPM). Of the 170 emergency POs under the purview of DOAS, 48 POs totaling \$79.8 million (42%) were related to the COVID-19 pandemic. There were 30 TGM and 12 USG entities, which classified a PO as an emergency. The top ten state entities under the purview of DOAS that issued emergency POs in fiscal year 2022 are summarized in **Table 1**. Emergency POs represented 0.08% of the 151,155 POs issued in fiscal year 2022 by TGM entities, which accounted for 2.5% of the \$7.4 billion of POs issued. For USG entities, emergency POs represented just 0.10% of the 300,201 POs issued in fiscal year 2022, which accounted for 0.35% of the \$2.8 billion of POs issued.

**Table 1**  
**Top 10 State Entities under the purview of DOAS**  
**Emergency POs issued in FY 2022**

<b>Top 10 State Entities</b>	<b>PO Amount</b>	<b>PO Count</b>	<b>Percentage of PO Amount</b>
Corrections, Department of	\$100,979,206	10	53.4%
Public Health, Department of	\$77,185,471	18	40.8%
University of Georgia	\$1,751,673	11	0.9%
Natural Resources, Department of	\$1,501,512	7	0.7%
Agriculture, Department of	\$1,339,974	10	0.7%
Board of Regents	\$1,034,111	8	0.5%
Transportation, Department of	\$634,318	9	0.3%
Georgia State University	\$555,855	4	0.3%
Georgia Southern University	\$512,310	2	0.3%
Fort Valley State University	\$496,325	22	0.3%
Sources: TGM_oEPO019D_PO_SPEND_BY_DATE, BOR_OPO19D_PO_LIST_BY_BU_DTL; PO data provided by Augusta University, Georgia Institute of Technology, Georgia State University, and University of Georgia			

**Audit Results**

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

1. Emergency Justification Forms were submitted for 107 (63%) of the 170 emergency POs under the purview of DOAS and required such a form. An additional 27 Emergency Justification Forms were submitted for the 249 POs not under the purview of DOAS. In these cases, the emergency justification form was not needed.
2. Four POs were coded incorrectly. Three should have been coded as “Agency Contract” as the entity’s State Entity contract number was referenced on the PO. One should have been coded as “Exempt,” as it was for real property rental.

**Recommendations**

1. State entities should remind all staff who are, or potentially may be, involved in emergency procurements to review and familiarize themselves with the emergency purchase procedures. Please note that as of July 1, 2022, the GPM emergency policy has been revised and is not considered within the scope of this audit, since the audit was done on POs before this change became effective.
2. While not under the purview of DOAS, University System of Georgia entities in need of emergency and disaster recovery repairs to buildings and facilities should review of the USG’s Disaster Recovery Services RFP (ES-RFP-47200-388). This solicitation covers repairs to facilities and was awarded on June 24, 2022.