



To: APOs and CUPOs

AUD #23-31

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: February 2, 2023

Re: Audit of invalid NIGP code use – purchase orders (POs) issued in November 2022

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 University System of Georgia (USG) entities¹, there were \$30.5 million in PO lines, with an issue with the NIGP code used. These issues were as follows:

- \$30 million in PO lines, where the NIGP code field was left blank; and,
- \$535,149 in PO lines, where the NIGP code field contained an invalid code.

Audit Objectives

1. Determine how many PO lines had the following NIGP code issues:
 - a. no NIGP code; and,
 - b. an invalid code, i.e., a code that was not a NIGP code.
2. Determine which state entities issued PO lines with NIGP code issues.

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

Audit Objective: No NIGP code

For TGM entities, we found no instances of the NIGP code field is left blank on a PO line. Providing a NIGP code is required (i.e., a mandatory field) in the version of PeopleSoft used by TGM entities.

For USG entities, we found 280 PO lines on 164 POs where the NIGP code field was left blank. These PO lines totaled \$30 million.

¹ Excluding Augusta University. Augusta University provides their PO query quarterly. The audit team is working with Augusta University to get read-only access to their financial system so their POs can be audited monthly.

Audit Objective: Invalid code

For TGM entities, we found no instances of invalid NIGP code use on a PO line. Providing a valid NIGP code is required (i.e., a mandatory field) in the version of PeopleSoft used by TGM entities.

For USG entities, we found 115 PO lines on 75 POs where the NIGP code field contained an invalid code. These PO lines totaled \$535,149. Use of the NIGP code 00000, which is not a valid NIGP code, accounted for 90% of this invalid NIGP code usage. The remaining invalid codes appeared to be custom codes or typographical errors on the part of the buyers or requesters.

Recommendations

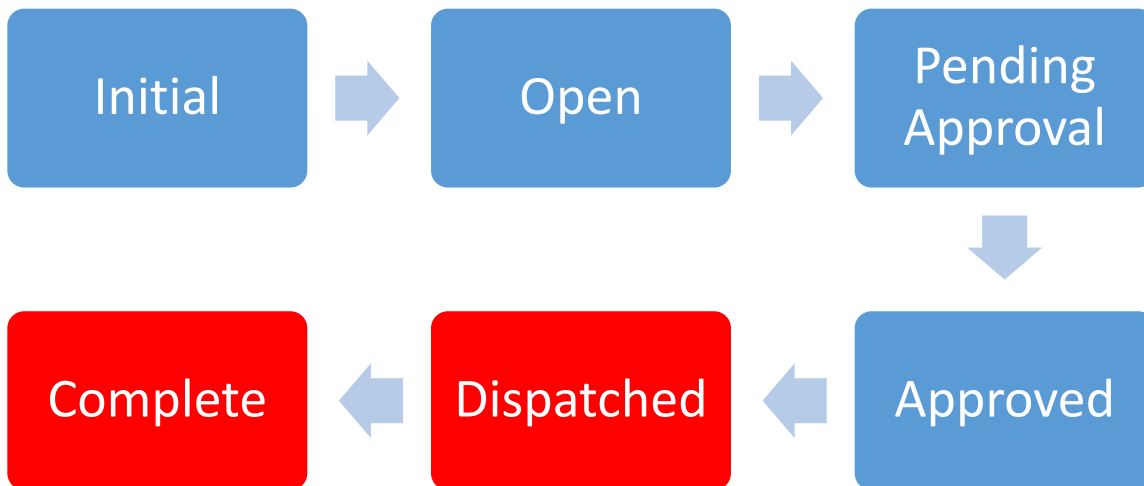
1. SPD Audits will contact state entities that repeatedly use invalid or no NIGP codes on POs to provide guidance on the correct use of NIGP codes.
2. SPD should work with the appropriate IT support staff from the Department of Administrative Services (DOAS), the State Accounting Office, and USG to develop methods that prevent invalid codes from being entered in the NIGP code field on requisitions and POs.
3. 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

February 2, 2023
Page 1 of 1

This audit is of purchase orders (POs) issued in November 2022 - POs with PO dates between November 1, 2022, through November 30, 2022. The PO dates were when the PO queries were run in December 2022. 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 being 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.