



**To:** APOs and CUPOs

**AUD #23-51**

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

**Date:** April 13, 2023

**Re:** Audit of three-digit NIGP category code use—purchase orders (POs) issued in February 2023

### **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 \$116,573 in PO lines, where a three-digit NIGP category code was used. For University System of Georgia (USG) entities, there were \$1.9 million in PO lines, where a three-digit NIGP category code was used.

### **Audit Objectives**

1. Determine how many PO lines contained a three-digit NIGP category code.
2. Determine which state entities issued PO lines with three-digit NIGP category codes.

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

### **Audit Objective: Three-digit NIGP category code**

For TGM entities, we found 98 PO lines on 40 POs, where a three-digit NIGP category code was used. These PO lines totaled \$116,573. The three-digit NIGP categories end in “00” and only provide a general description of what was purchased. Section 6.3.1 of the Georgia Procurement Manual (GPM) requires a PO must contain a commodity code. The commodity codes used by the State of Georgia are five-digit NIGP codes. TGM entities used 3 three-digit NIGP category codes. These codes are summarized in **Table 1**.

**Table 1**  
**Three-digit NIGP Category Codes**  
**Used (TGM) February 2023**

<b>NIGP Code</b>	<b>NIGP Code Description</b>	<b>PO Amount</b>	<b>Number of PO Lines</b>
26900	Drugs and Pharmaceuticals	\$116,223	95
96300	Miscellaneous Fees, Dues, Permits, Registrations, Rebates, Postage, Taxes	\$350	3

Source: PeopleSoft query TGM\_oEPOo19D\_PO\_SPEND\_BY\_DATE

For USG entities, we found 3,558 PO lines on 1,692 POs where a three-digit NIGP category code was used. These PO lines totaled \$1.9 million. USG entities used 105 three-digit NIGP category codes. The top six three-digit NIGP category codes by PO amount are summarized in **Table 2**. These six three-digit NIGP category codes accounted for 68% of the \$1.9 million in PO lines with three-digit NIGP category codes.

**Table 2**  
**Three-digit NIGP Category Codes**  
**Used (USG) February 2023**

<b>NIGP Code</b>	<b>NIGP Code Description</b>	<b>PO Amount</b>	<b>Number of PO Lines</b>
20400	Computer Hardware and Peripherals for Microcomputers	\$478,957	454
20600	Dental Equipment and Supplies	\$229,583	10
49000	Laboratory Equipment, Accessories and Supplies	\$180,294	52
42000	Furniture: Cafeteria, Chapel, Courtroom, Dormitory, Household, Library, Lounge, School	\$162,155	25
18000	Chemical Raw Materials	\$134,714	518
11500	Biochemicals, Research	\$121,943	219

Source: 1) BOR\_OPOo19D\_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 clarify when three-digit NIGP category codes may be used on POs.
2. SPD should work with the appropriate IT support staff from the Department of Administrative Services (DOAS), the State Accounting Office, and USG to prevent the use of three-digit NIGP category codes on PO lines, where prohibited.
3. SPD Audits will work with the appropriate IT support staff from the Department of Administrative Services (DOAS) and the USG to review and, where necessary, correct the crosswalks used in catalogs to translate United Nations Standard Products and Services Codes® (UNSPSC) to NIGP codes. This will help to eliminate most of the system-generated 3-digit coding errors on PO lines.
4. SPD should provide a crosswalk from the most often used three-digit NIGP category

codes to the five-digit codes that should be used.

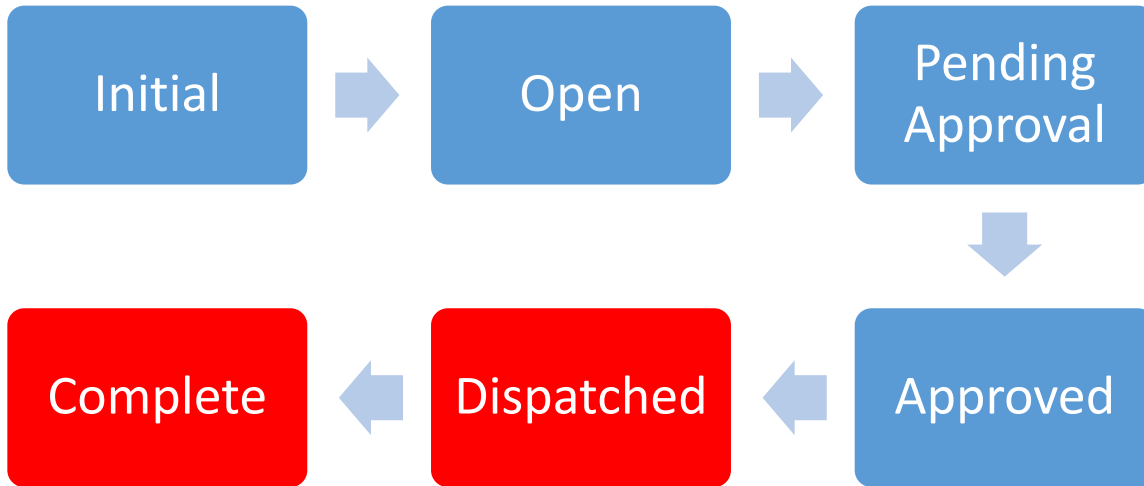
5. APOs/CUPOs should review PO data from this audit at the buyer level to ensure that staff is adequately trained and, where necessary, re-trained in using NIGP codes on POs. SPD should also consider offering a stand-alone course on NIGP code use for buyers, requestors, approvers, and APOs/CUPOs.

# Appendix A

## Audit Scope and Methodology

April 13, 2023  
Page 1 of 1

This audit is of purchase orders (POs) issued in February 2023 - POs with PO dates between February 1, 2023, through February 28, 2023. The PO dates were when the PO queries were run in March 2023. 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:



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.