



# State Entity Procurement Compliance Manual

**The best way to prepare for an audit is to actually do one yourself.**

**First Edition**

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**State Purchasing Division**



# Table of Contents

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<b>1.</b>	<b>INTRODUCTION .....</b>	<b>1</b>
	Risks Involved with Procurement .....	1
	Specific Benefits of Procurement Operations Reviews .....	3
<b>2.</b>	<b>WHAT IS A PROCUREMENT OPERATIONS REVIEW? .....</b>	<b>5</b>
	<b>Components of the Procurement Operations Review .....</b>	<b>6</b>
	<i>Purchase Order Review .....</i>	<i>6</i>
	<i>Georgia Procurement Registry.....</i>	<i>10</i>
	<i>Internal Controls .....</i>	<i>10</i>
	<i>Payables Review.....</i>	<i>11</i>
	<b>Getting Started.....</b>	<b>11</b>
	<i>What resources do I need to complete the self-audit? .....</i>	<i>11</i>
	<i>Where do I go to get the self-audit tools and other resources? .....</i>	<i>12</i>
	<i>I've done the review. Now what do I do?.....</i>	<i>13</i>
	<i>How do I know how well I've done?.....</i>	<i>13</i>
	<b>Tips for Efficiency and Effectiveness .....</b>	<b>14</b>
<b>3.</b>	<b>POLICY BASIS FOR COMPLETING ANNUAL SELF-AUDITS .....</b>	<b>17</b>
	<b>Requirement for Quarterly Spend Analyses .....</b>	<b>17</b>
	<b>Requirement for Annual Procurement Operations Review .....</b>	<b>17</b>
	<i>Submitting the Annual Self-Audit.....</i>	<i>17</i>
	<i>State Purchasing Division Review of Self-Audits .....</i>	<i>18</i>
	<i>Purchase Order Review .....</i>	<i>18</i>
	<i>Georgia Procurement Registry Review .....</i>	<i>19</i>
	<i>Internal Controls Review .....</i>	<i>19</i>
	<i>Corrective Action Plans .....</i>	<i>19</i>
<b>4.</b>	<b>DOWNLOADING PURCHASE ORDER DATA FROM PEOPLESOFT .....</b>	<b>21</b>
	<b>Overview .....</b>	<b>21</b>
	<b>Queries to Use.....</b>	<b>21</b>
	<b>PO Download – SAO PeopleSoft .....</b>	<b>21</b>
	<i>How to Run the Queries .....</i>	<i>22</i>
	<b>PO Download – BOR PeopleSoft .....</b>	<b>25</b>
	<i>How to Run the Queries.....</i>	<i>25</i>
<b>5.</b>	<b>SELECTING A SAMPLE OF PURCHASE ORDERS .....</b>	<b>29</b>
	<b>Selecting a Random Sample – Process Improvement .....</b>	<b>29</b>
	<b>Selecting a Sample – Manual Selection .....</b>	<b>30</b>

---

<b>6.</b>	<b>USING THE PURCHASE ORDER SCORECARDS .....</b>	<b>31</b>
	<b>Overview .....</b>	<b>31</b>
	<b>Scoring Methodology.....</b>	<b>31</b>
	<b>Queries to Use in Periodic Reviews .....</b>	<b>32</b>
	<b>Procedures .....</b>	<b>33</b>
	<i>Obtain Purchase Order Data.....</i>	<i>33</i>
	<i>Scorecards Workbook Structure.....</i>	<i>33</i>
	<i>Prepare the Random Sample Scorecard .....</i>	<i>34</i>
	<i>Using the Random Sample Scorecard .....</i>	<i>35</i>
	<i>Reviewing the Results .....</i>	<i>36</i>
	<b>Creating your Own Sample .....</b>	<b>37</b>
	<i>Using the PO List and the 19D Query.....</i>	<i>37</i>
	<i>Using a Pivot Table .....</i>	<i>37</i>
<b>7.</b>	<b>\$25,000 BID COMPLIANCE REVIEW .....</b>	<b>39</b>
	<b>Procedures .....</b>	<b>39</b>
	<b>Document Your Work .....</b>	<b>40</b>
<b>8.</b>	<b>SPLIT PURCHASE REVIEW.....</b>	<b>41</b>
	<b>Procedures .....</b>	<b>41</b>
	<b>Document Your Work .....</b>	<b>42</b>
<b>9.</b>	<b>SELECTING THE CORRECT NIGP CODES .....</b>	<b>43</b>
	<b>NIGP Code Resources.....</b>	<b>43</b>
	<i>NIGP Exempt List.....</i>	<i>43</i>
	<i>NIGP Key Word Search.....</i>	<i>44</i>
	<i>Using the NIGP List.....</i>	<i>45</i>
<b>10.</b>	<b>NIGP CODE REVIEW .....</b>	<b>47</b>
	<b>Possible Results of this Review .....</b>	<b>47</b>
	<b>Procedures .....</b>	<b>47</b>
	<b>Additional Information .....</b>	<b>48</b>
	<i>Other Tabs in the Workbook.....</i>	<i>49</i>
<b>11.</b>	<b>GEORGIA PROCUREMENT REGISTRY (GPR) REVIEW .....</b>	<b>51</b>
	<b>Submit the Completed Work for the GPR Review.....</b>	<b>52</b>
<b>12.</b>	<b>INSTRUCTIONS FOR RUNNING A SOLICITATION LISTING .....</b>	<b>53</b>
	<b>Objective .....</b>	<b>53</b>
	<b>Preliminary Information .....</b>	<b>53</b>
	<i>Notes on Report Criteria .....</i>	<i>53</i>
	<b>Steps to Run the Report.....</b>	<b>54</b>

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<b>13. USING THE SOLICITATION SCORECARDS .....</b>	<b>59</b>
Scoring Methodology .....	59
Solicitation Information Tab .....	60
Scorecard Tab.....	60
Resources Tab .....	61
<b>14. INTERNAL CONTROLS REVIEW .....</b>	<b>63</b>
Overview .....	63
Procedures .....	63
Submit the Completed Work for Internal Controls Analysis .....	64
<b>15. PAYABLES REVIEW .....</b>	<b>65</b>
Overview.....	65
Checklist.....	65
<b>16. SELF-AUDIT REPORT CARD.....</b>	<b>67</b>
Completing the Report Card .....	67
Overall Rating.....	67
<b>17. DEVELOPING EFFECTIVE CORRECTIVE ACTION PLANS.....</b>	<b>69</b>
What is a Corrective Action Plan? .....	69
Criteria for a Good Corrective Action Plan .....	69
Corrective Action Plan Template .....	70
<b>APPENDICES.....</b>	<b>71</b>
<b>Appendix A – Tier/Rating Definitions.....</b>	<b>73</b>
<b>Appendix B – PO Review Checklist.....</b>	<b>74</b>
<i>Purchase Type Review.....</i>	<i>74</i>
<i>Tier One.....</i>	<i>75</i>
<i>Tier Two .....</i>	<i>75</i>
<i>Tier Three .....</i>	<i>76</i>
<i>Tier Four.....</i>	<i>76</i>
<i>Other Purchase Order Types .....</i>	<i>81</i>
<i>NIGP Code Review.....</i>	<i>86</i>
<i>Split Purchase Review .....</i>	<i>86</i>
<i>\$25K Bid Review.....</i>	<i>87</i>
<b>Appendix C – Compliance Self-Audit Resources .....</b>	<b>89</b>
<b>Appendix D – Frequently Detected Errors .....</b>	<b>91</b>
<i>Not Using Statewide Contracts When Using the Purchasing Card .....</i>	<i>91</i>
<i>Using Improper NIGP Codes.....</i>	<i>91</i>
<i>Using Improper Purchase Type Codes.....</i>	<i>91</i>
<i>Not Using Current Forms/Templates .....</i>	<i>91</i>
<i>Not Following Bid or Sole Source Procedures .....</i>	<i>92</i>

**GLOSSARY** ..... 93

**TOPICAL INDEX**..... 97



## 1. INTRODUCTION

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You are probably asking, “Why do I need to review our purchase orders for things like correct Purchase Type Codes and correct NIGP Codes? It just seems like a lot of busy work and I really have more important things to do.” But there’s more to reviewing procurement, and evaluating your procurement operations, than just ensuring use of correct Purchase Type Codes and correct NIGP Codes. It is also important to review other purchase order information and your solicitations, especially those that might have been protested, so that you can ensure that solicitations are fair, that mistakes are corrected, and that the same mistakes do not happen in the future. PeopleSoft and the Georgia Procurement Registry also have other data related to procurement that affects the State’s financial statements and overall procurement operations.

It is also important to review your internal controls to ensure that all personnel are following applicable laws and policies as well as observing best practices. A strong system of internal controls helps to ensure that all procurements are done fairly and that no unauthorized purchases are made.

Purchase Orders, Solicitations/Notices, and Internal Controls must be reviewed and monitored to measure your procurement program’s effectiveness. Reviews ensure that the ethics of public procurement are being maintained, that all suppliers wishing to do business with the State of Georgia have the opportunity to do so, that the State of Georgia is complying with the agreements (contracts) the State has with its suppliers, and that tax dollars are being spent wisely. You are also able to measure the accuracy of procurement activities, spend data, and documentation, all of which contribute to transparency in government procurement.

This manual is designed to help you understand:

- Why and how reviews of procurement operations provide value to your State Entity
- The importance of internal controls to prevent fraud, waste, and abuse
- What the review should cover
- How to conduct each section of the review
- How to document results and make improvements

### ***RISKS INVOLVED WITH PROCUREMENT***

The Institute of Internal Auditors defines “risk” as “[t]he possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.” In other words, it is anything that could go wrong that could harm your State Entity either financially or in terms of reputation. When looking at any area, you should ask yourself, “What could go wrong? How likely is it to happen? How much is it going to cost me, either in terms of time, money, or other resources?”

As State employees, we are under a microscope every day. The news media, especially, loves to “hold the powerful accountable” as one television station likes to say. We are accountable for

the tax money that we use to fulfill our Entities' missions. As taxpayers ourselves, we also want to make sure that the State gets the best value for its tax buck.

Any error in the procurement process, no matter how small or insignificant, can lead to accusations of unfair procurement practices. Even if there was no intention of wrong-doing, the State or an individual State Entity can suffer serious consequences in terms of reputational risk. Resolving protests, even those deemed to be frivolous, can take up valuable time that could be used for more meaningful activities. Not taking advantage of opportunities to develop contracts, both Statewide and Agency, can result in the State paying higher prices than those that would be available through the use of contracts. Valuable time could be lost by having to bid multiple purchases over \$25,000, or splitting purchases, for the same goods or services when a contract would have been beneficial.

General procurement risks for the State include:

- Missed opportunities to leverage purchasing power, leading to waste
- Budgetary impacts or loss of State or Federal funding due to lack of compliance with applicable laws, rules, regulations, and other requirements
- Appearance of fraudulent or inappropriate use of funds
- Potential lawsuits due to improper solicitation procedures
- Lack of internal controls and documentation leading to undiscovered waste, abuse, or fraud
- Disruption of the supply chain, sudden price fluctuations, or quality problems when relying on a single supplier

There are also risks associated with each of the Seven Stages of Procurement. The questions on the RFQ, RFP, and Sole Source Scorecards are designed to focus attention on one or more areas of risk to ensure that they are mitigated. Examples of these risks by Stage are:

- Need Identification
- Understatement or overstatement of need
- Insufficient funding
- Failure to use existing sources of supply (e.g. contracts)
- Pre-Solicitation
- Incorrect solicitation method chosen
- Solicitation Preparation
- Inadequate or inappropriate specifications
- Unrealistic evaluation criteria
- Incorrect contract template (e.g. incorrect terms and conditions or insurance requirements)
- Failure to comply with certain legal requirements, such as e-Verify
- Solicitation Process
- Incorrect handling of supplier questions
- Lack of demonstrations when appropriate
- Protests due to inaccurate specifications
- Evaluation Process
- Not following consistent evaluation procedures
- Biased evaluations



- Award Process
- Not awarding to the correct bidder
- Protests due to inadequate documentation or fair evaluations
- Contract Process
- Not signing a contract in a timely manner
- Not monitoring a supplier's performance
- Not monitoring spend on a fixed contract
- Renewing or extending unfavorable contracts due to lack of planning
- Unanticipated price or scope of work changes

All of these risks have what are known as “implications” – in other words, what can happen if this particular error occurs or if this particular activity is not done correctly.

### ***SPECIFIC BENEFITS OF PROCUREMENT OPERATIONS REVIEWS***

Audits and other types of reviews are not just busy work. Auditing your own work or the work of others provides both tangible and intangible benefits to your State Entity and to the State as a whole. These audits can help you to avoid many of the risks associated with procurement while also helping you and your staff to grow and develop professionally. These benefits include:

- Identifying opportunities for Agency Contracts and Statewide Contracts
- Determining if existing contracts are meeting needs
- Ensuring that the Office of Planning & Budget has the necessary data to anticipate budget needs
- Ensuring that legislators have the data necessary make well-informed legislative decisions
- Revealing possible deficiencies in solicitations and contract administration
- Ensuring procurements are compliant with State laws (O.C.G.A. § 50-5), the *Georgia Procurement Manual* (administrative rules), and certain Federal directives, if applicable (ex. Federal Grants)
- Correcting purchasing errors to improve staff performance
- Identifying and managing risk by allowing you to develop corrective actions in a timely manner to reduce or eliminate the risks
- Minimizing risks and improving staff performance resulting in a higher Designated Purchasing Authority





## 2. WHAT IS A PROCUREMENT OPERATIONS REVIEW?

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In a procurement operation the size of the State of Georgia's, data is very important. It identifies where dollars are spent and for what. Spend data, a collective term for what the State disburses regardless of the method of payment, can be coded many different ways. There are General Ledger account numbers (e.g. 614003, Supplies & Materials – Office Supplies); department ID's (e.g. 4030403400) that identify either the State Entity or a specific division, department, or work unit within an Entity; projects, which identify a specific use within the State Entity; and the list goes on – object classes, fund sources, etc. There are also NIGP Codes (National Institute of Governmental Purchasing), codes that provide a standard description for what was purchased regardless of the description entered on the PO line. NIGP Codes help to combine spend by specific goods or services so that a State Entity can determine exactly what they are buying.

Each value in these fields makes sense to someone. Someone needs total spend by one or more of these codes to perform their specific job duties and to report the status of projects on which they work. As a procurement professional, it is your responsibility to ensure other State employees have the data they need to perform their job duties and that this data is accurate.

The size of the State's procurement operation also makes internal controls essential regardless of whether the operation is centralized or decentralized. Each State Entity has professional buyers doing procurement as well as non-procurement personnel (e.g. Purchasing Card users). Controls should be in place at every level, from the time someone realizes there is a need for a good or service to the time a purchase order is issued or contract is implemented until payment is made. Each step of the process has certain risks of something going wrong.

The *Georgia Procurement Manual* requires all State Entities to complete an annual "self-audit and spend analysis" and to provide the results to the State Purchasing Division by February 15<sup>th</sup> of each year. The self-audit promotes awareness on the part of the APO/CUPO of not only what the State Entity is purchasing but also how individual buyers or others who create purchase orders are fulfilling their responsibilities. It also makes all employees aware of the importance of their jobs and that what they are doing is being reviewed periodically.

Each State Entity must use the tools provided by the State Purchasing Division for reviews at other times of the year, as well. These tools are the same tools that the Process Improvement Team uses in its periodic audits. This manual provides guidance how to conduct a meaningful review of your procurement operations using these tools.

## ***COMPONENTS OF THE PROCUREMENT OPERATIONS REVIEW***

The annual self-audit and spend analysis has four sections:

- Purchase Order (PO) Review
- Georgia Procurement Registry (GPR) Review
- Internal Controls
- Payables Analysis (recommended)

### **Purchase Order Review**

The Purchase Order Review comprises three separate reviews on purchase order data to detect errors or non-compliant issues. These reviews are:

- Purchase Type / NIGP Review
- Split Purchase Review
- \$25K Compliance Review

An additional tool, the NIGP Summary Tool, is available for periodic use but is no longer included in the annual self-audit.

Section 8.1.1. of the *Georgia Procurement Manual* addresses the importance of accurate spend data for the State. Accurate data is critical for:

- An organization to understand buying efficiencies and trends;
- An organization to detect the need for creating or renewing Agency Contracts;
- An organization and SPD to verify compliance in procurement processes;
- SPD to create, dissolve, or renew statewide contracts; and
- SPD to respond to Executive and Legislative inquiries.

To complete this portion of the self-audit, you will need the following tools found on the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>.

- A copy of this manual, which has the instructions for each section;
- A clean copy of the *PO Scorecards* (random sample and criteria-based sample);
- A clean copy of the *PO Review Checklist*;
- Purchase Order files and documentation (either paper or electronic).

### ***NIGP Codes***

NIGP Codes provide industry-standard descriptions for the items purchased. Section 6.3.1.1. of the *Georgia Procurement Manual* requires each line of a purchase order to have an accurate NIGP Code. The item description allows the person receiving the item to determine if the right items were received (e.g. 12 boxes of pencils). The NIGP Code allows the total spend for pencils to be determined regardless of whether the description says “#2 yellow pencils” or “pencils, yellow” or “pencils”.

The State of Georgia uses slightly over 9,000 five-digit NIGP Codes. Some of these can be quite specific while others are more general. NIGP Codes have two parts:

- The first three digits are called the “category code”, such as 208, “Computer Software for Microcomputers, Systems, including Cloud-Based (Preprogrammed)”.
- The next two digits are more specific, such as 208-10, “Accounting/Financial: Bookkeeping, Billing and Invoicing, Budgeting, Payroll, Taxes, etc., Microcomputer”.

It is extremely important for buyers to select the correct five-digit code from the correct three-digit category for all purchase order lines. For more information on NIGP Codes and how they are used, refer to the *Georgia Procurement Manual*.

### **Purchase Type Codes**

Section 6.3.1.2. of the *Georgia Procurement Manual* defines the Purchase Type Codes in use by the State and when a specific code should be used. The Purchase Type Code is entered at the header level of the purchase order in PeopleSoft. This Purchase Type Code appears on each line of a download from PeopleSoft of purchase order lines.

Use of the correct Purchase Type Code allows both the APO/CUPO and the State Purchasing Division to determine the types of goods or services being purchased, the type of supplier, and if State Entities are using Statewide or Agency Contracts. When combined with accurate NIGP Codes, this provides valuable information when negotiating with suppliers for more favorable pricing as well as terms and conditions of contracts. The following table of Purchase Type Codes is found in section 6.3.1.2 of the *Georgia Procurement Manual*. Each of these types of purchases has its own set of unique procedural requirements that must be met. These are explained in the PO Review Checklist, Appendix B of this manual, as well as in relevant sections of the *Georgia Procurement Manual*.

<b>Purchase Type Codes</b>		
<b>Code</b>	<b>Full Name</b>	<b>Description</b>
AC	State Entity Contract	State Entity’s purchase from an established State Entity term contract (includes multi-year agreements and open agency contracts). In the event a more descriptive manual code in this table is applicable (e.g. CSN, SB, etc.), then use the more descriptive code.
ACC	State Entity Cooperative/Consortia Purchase	State Entity’s purchase from its own contract with a Consortia-approved/cooperative-approved supplier.
ACP	State Entity Contract Piggyback	State Entity’s purchase through SPD Pre-Approved Piggyback.  NOTE: No State Entity may use another State Entity’s contract without SPD’s prior consent.
CNV	Conversion	This is an old code that is no longer applicable and should not be available for selection in the PO Header field. Do not use this code.

Purchase Type Codes		
Code	Full Name	Description
CSN	Construction Contracts	State Entity's purchase from construction, public works and/or architectural and engineering contracts.
EMER	Emergency Purchase	State Entity's purchase of necessary goods/services on an emergency basis.
EXM	Exempt	State Entity's purchase of goods/services for which competitive bidding requirements have been waived. EXM may also be used to designate purchases which are exempt from the State Purchasing Act if permitted by the State Entity's internal policy.  NOTE: Specific exemption being claimed must be identified in the comment field.
IGA	Intergovernmental Agreements	State Entity's purchase from an intergovernmental agreement. For purchases of certified products from GCI, use MAN. For all other purchases from GCI use IGA. Intergovernmental Agreements are created by the State Constitution, not by the Legislature or by the State Purchasing Division. As such, IGA purchases have the same status as Mandatory Statewide Contracts.
MAN	Statutory Mandatory Sources of Supply	State Entity's purchase from sources designated as mandatory. Mandatory Sources are those listed on the Georgia Correctional Industries (GCI) <i>Certified Products List</i> or on Georgia Enterprises for Products and Services (GEPS) <i>State Use Procurement List</i> . Purchases of anything from GEPS are called "preferred products" and you should use PRF.

## Purchase Type Codes

Code	Full Name	Description
MUL	Multiple Purchase Order Types	<p>The State Entity’s issuance of a single PO to a single supplier to purchase a combination of Purchase Type items. Some examples of purchase types that can be combined on a single PO are shown below:</p> <ul style="list-style-type: none"> <li>• OMP (less than \$25,000) and SWCM.</li> <li>• OMP (less than \$25,000) and SWCC.</li> <li>• OMP (less than \$25,000) and AC.</li> <li>• OMP (less than \$25,000) and MAN (<u>GEPS</u> mandatory)</li> <li>• OMP (less than \$25,000) and Exempt.</li> </ul> <p>Note that a purchase order with a separate line for freight, which is considered Open Market, on a purchase order other than OMP does not make a PO a “MUL” purchase order. If that were the case, every PO with freight would be MUL. Disregard the freight line when determining the correct Purchase Type Code.</p> <p>Contact <a href="mailto:processimprovement@doas.ga.gov">processimprovement@doas.ga.gov</a> for questions concerning acceptable purchase combinations for use of the MUL code.</p>
OMP	Open Market Purchase	<p>A State Entity’s purchase made on the open market regardless of dollar amount on a one-time basis (e.g., the State Entity is not establishing a term contract). Open Market Purchases should never exceed \$25,000 without being competitively bid.</p>
PRF	Preferred	<p>State Entity’s purchase of GEPS products that do not appear on the <i>State Use Procurement List</i>.</p>
SB	Sole Brand	<p>State Entity’s purchase resulting from a sole-brand solicitation.</p>
SS	Sole Source	<p>State Entity’s purchase from a sole source contract. If a purchase under \$25,000 is from a supplier that market research has determined is the only source, then the PO does not need to be coded as Sole Source. It is an Open Market Purchase because it is under the bid requirement of \$25,000.</p>
SWCM	Statewide Contract – Mandatory	<p>State Entity’s purchase from a statewide contract designated by SPD as mandatory.</p>

Purchase Type Codes		
Code	Full Name	Description
SWCC	Statewide Contract – Convenience	State Entity’s purchase from a statewide contract designated by SPD as convenience.

### Georgia Procurement Registry

Most of the risk associated with procurement operations can be traced back to inadequate or ineffective procedures, especially in the area of solicitations. Solicitations, or lack of solicitations, ultimately influence spend data. Solicitations enable a State Entity to develop cost-saving contracts. Solicitations help to identify suppliers who can meet your needs on a regular basis without having to worry about disruptions to the supply chain. Relationships with your suppliers are important for your day-to-day operations because without them, you might not be able to obtain the goods and services you need to meet the needs of your customers.

There are certain key components that are common to all types of solicitations, such as specifications, cost, delivery options, and contract terms and conditions. Each type of solicitation has other unique components, as well. Each of these components has certain risk factors that, if not handled properly, can have an adverse effect on your State Entity or the State as a whole.

The State Purchasing Division has developed scorecards to help your grade the quality of your solicitations. The scorecards help to focus your attention on areas that have certain legal and policy standards that must be followed. If used before a solicitation is posted, you could identify and avoid potential errors. If used after the solicitation is awarded, you can use the information to coach procurement staff on how to improve future solicitations. These scorecards are covered later in this manual.

### Internal Controls

A sound system of internal controls consists of policies and procedures that provide leadership with the confidence that the State Entity is meeting its goals. Internal controls are both soft and hard controls in place to ensure that procurements are fair and that the State of Georgia has transparency in all aspects of procurement. Soft controls are intangible. They determine how management governs the operation and how employees are expected to go about their duties. Soft controls involve integrity, commitment, and honesty. These are harder to evaluate than hard controls. Hard controls are tangible and include system access, field validation (e.g. drop-down list) in the procurement systems, and policies and procedures such as approval levels and standard forms for documentation. Either something was approved or not. Either a form was completed correctly or not.

Everyone is responsible for complying with internal controls applicable to their work area, whether it is creating a requisition, dispatching a purchase order, receiving goods, or issuing payment for those goods. Separation of duties is an important aspect of internal controls but it is not the only one. Documentation is important as it gives a clear picture of what was done, why it was done, and who did it. Internal controls help to manage the risk involved in procurement.

A simple definition of internal controls is, “What we do to ensure that what we want to happen will happen and what we don’t want to happen won’t happen.” The Internal Controls



Questionnaire is designed to review important aspects of control to help minimize the possibility of errors or undetected fraud, waste, and abuse.

### **Payables Review**

All State Entity personnel should ensure that all purchases are accurately received, whether that function is performed in a warehouse by dedicated personnel or by someone who placed the original order and is sitting at a desk. What is actually received should match the purchase order quantity. The invoice amount should match the amount on the purchase order, both per unit price, total line price, and total invoice amount. The Accounts Payable unit should pay the invoice amount. This is known as “three-way matching”. The Payables Analysis is critical to ensure that the procurement process was finished correctly.

### ***GETTING STARTED***

The entire procurement staff can assist with the annual self-audit. This will not only reduce the burden put on one person but also give the staff valuable insights into the importance of their day-to-day activities. Completing this report will help the State Entity to answer the following questions:

- Do you have the checks and balances necessary to ensure that purchasing is being conducted according to the law and state policy at your State Entity?
- Is your purchasing spend accurately reported?
- Are you evaluating buying efficiencies and trends for possible Entity contracts or savings?
- Are you adequately evaluating procurement staff performance?

### **What resources do I need to complete the self-audit?**

To complete this report, you should have access to:

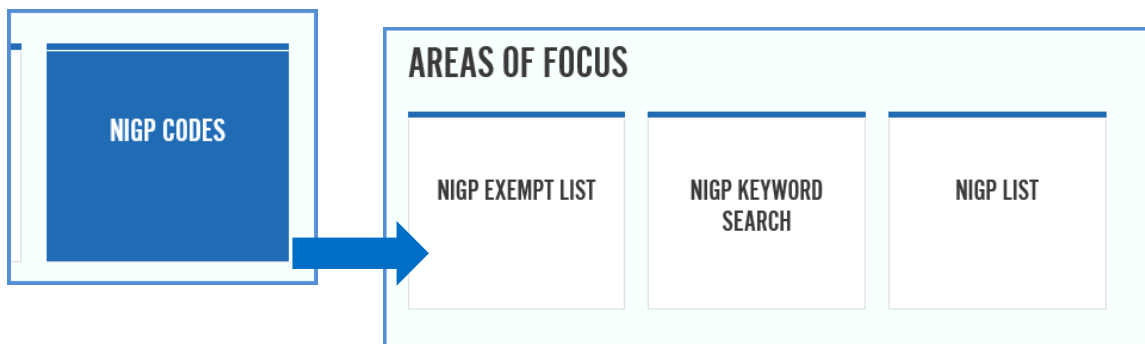
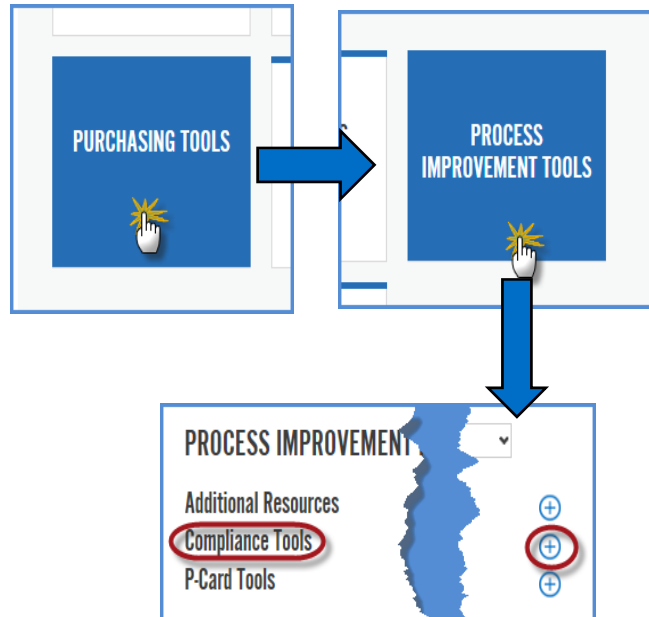
- the “Compliance” self-audit tools on the State Purchasing web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>;
- the State Entity Procurement Compliance Manual;
- your Entity’s PeopleSoft System or other financial system; and
- login access to the Georgia Procurement Registry (GPR).

## Where do I go to get the self-audit tools and other resources?

All of the self-audit tools the Process Improvement Team uses to perform its audits are on the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing>. Navigate to Purchasing Tools → Process Improvement Tools → Compliance Tools. There are also additional resources, such as instructions on creating pivot tables and tools to use with auditing your P-Card program.

In addition to these tools, the State Purchasing Division web site has other resources, such as information about NIGP Codes. These can be accessed by clicking on “Purchasing Tools” as shown above and then NIGP Tools. These resources are:

- NIGP Exempt List (more on this later)
- NIGP Keyword Search (more on this later)
- NIGP List (a list of every NIGP Code the State of Georgia uses)



## WHAT TIME PERIOD SHOULD MY REVIEW COVER?

The annual self-audit covers purchase orders for a specific fiscal year. Beginning with the self-audits due in Fiscal Year 2018, the State Purchasing Division will select a random sample and a criteria-based sample from the previous fiscal year at the beginning of each fiscal year. These samples will be sent to you. There is more information on this process in the following chapters of this manual.

However, you can also do periodic reviews on your own. This is highly recommended to monitor your purchases, especially if you have a lot of buyers or buyers are spread out around the State. For the Purchase Order review, select a sample of purchase orders from **one or two** of the most

recently completed months. Your volume and the number of buyers will affect your decision on the time period. It is best to look at the most recent data because situations related to the purchase order or the solicitation will be fresh on the minds of everyone. Since solicitations are not as frequent as purchase orders, you might have to select from the last year.

### **I've done the review. Now what do I do?**

Once you receive your samples, review the data closely to determine if procedures were followed correctly. Make notes for yourself, either in a separate document or on the data spreadsheet. You might see a pattern developing. Perhaps one person needs help on selecting NIGP Codes or all buyers need help distinguishing between Open Market and Intergovernmental sources. Refer to Chapter 6 of this manual for instructions on completing the PO Scorecards that will be sent to you. These scorecards are also available on the State Purchasing Division web site for your use at other times.

Once you have identified your opportunities for improvement, develop written action plans to realize that improvement within a realistic timeframe. This manual has a chapter devoted to developing effective action plans. Written action plans are more tangible than something like, "Well, we need to improve on how we select NIGP Codes. Let's talk about that at our next annual meeting." And then nothing happens. Effective corrective action plans include:

- What is the issue that needs to be corrected?
- Who and what caused the issue?
- What needs to be done to correct the issue?
- Who is responsible for implementing these steps?
- When should all of these steps be completed?
- When will you follow up to determine if there have been improvements?
- What can we do to ensure that the issue doesn't happen in the future?

### **How do I know how well I've done?**

Each component of the self-audit has a scoring tool to help you know how you did. All of these tools are explained in more detail in the corresponding chapters of this manual.

- The Purchase Order Scorecards use drop-down lists on different spreadsheets for you to select the appropriate compliance level with the requirements detailed on the PO Review Checklist, located in this manual as an appendix. The point values are shown on that checklist. The scorecards have pre-designed columns for you to enter your observations on each line or purchase order. Refer to the chapter of this manual that explains how to use them.
- The Internal Controls Questionnaire and the GPR Scorecards contain questions that you answer by selecting the appropriate response from a drop-down list. Each question is worth a certain number of points. Your "grade" is the total number of points earned as a percentage of the total number of points available. Yes, you can answer the questions with the obvious correct answer, but if it is not correct for YOU and your State Entity, you are not doing yourself any favors. You get a high score, but the risk of something happening is still there.

Once all of the Scorecards have been completed, the Self-Audit Report Card, also an optional tool, calculates your overall score. The overall score on the self-audit mirrors the scores from a State Purchasing Division Process Improvement audit and are weighted as:

- No Solicitations:
- Random Sample = 60%
- Criteria-Based Sample = 20%
- Internal Controls Questionnaire = 20%
- With Solicitations:
- Random Sample = 50%
- Criteria-Based Sample = 10%
- Internal Controls Questionnaire = 15%
- Solicitations = 25%

A “Tier” level is assigned based on the score. Refer to Appendix A, Tier Levels, for definitions of each of the Tiers. These are the same definitions used by the Process Improvement Team.

### ***TIPS FOR EFFICIENCY AND EFFECTIVENESS***

Large amounts of data can be intimidating. Here are some tips for making the best use of your time and resources when doing additional reviews:

- Rather than download data from a full year and risk looking at purchase orders that are 12 months old, or created by buyers no longer at your Entity, download the most recently completed month. When you ask buyers questions, they are more likely to remember specifics about their more recent purchases rather than those that happened 12 months ago. A full year’s worth of data is useful only if you are trying to determine what you spend by supplier or by NIGP Code.
- Your goal is not to find every incorrect Purchase Type Code, every incorrect NIGP Code, every inadequate line item description, or other type of error. Your goal is to see how your buyers and others who create purchase orders are doing. You can do that by selecting a small sample from each buyer. The instructions in this manual say to separate your purchase order data into separate tabs in an Excel workbook based on Purchase Type Code (OMP, SWCC, SWCM, etc.) and then use the PO Review Checklist to determine if the purchase orders complied with the standards applicable to that type. You can accomplish the same goal, and review each individual buyer’s work, by separating the purchase orders by buyers rather than Purchase Type Code. Someone is probably going to follow the same basic steps regardless of the Purchase Type Code. Your goal is to determine if any staff members need additional training. Focusing on buyers rather than Purchase Type Codes will help you do this. At the same time, you will also review a sample of each Purchase Type Code.
- When you download your data, go ahead and separate the lines out by either buyer or Purchase Type Code, depending on the method you want to use. Then, on each tab, sort the lines in descending order by date and PO number, and then ascending order by line number so that the most recent purchase orders are at the top. Select the most recent 10% of lines. For example, if you have one tab for each buyer, and a buyer has 200 lines, select the first 20 lines (10% of 200). If there are no problems with that data set, move on to the

next buyer. If this method results in only one or two purchase orders with a lot of lines, which can happen on purchase orders to places like Staples, review only two or three lines and then select more lines from the next purchase order.

- When looking at individual buyers, you might also want to exclude purchase orders that originated via a requisition in Team Georgia Marketplace™ if you are on SAO PeopleSoft. The NIGP Codes on these purchase orders are generally correct when selected from the catalog and the Purchase Type Code will probably be correct. If you are looking for errors or areas for improvement, you will more than likely find them on Open Market, Emergency, or types other than SWCM or SWCC.
- The instructions contained in this manual suggest adding a column at the far right of the data to record the results of your review. Use this column to indicate errors, but also use it to indicate things the buyer did correctly. People like to hear that they did a good job. Pointing out what your buyers did right will improve morale.
- When you find errors or areas of weakness in your purchase order process or errors on your solicitations, use that information to develop and implement written corrective action plans. Many things can contribute to errors – lack of training, carelessness, or bad judgment. Use the discovery of the errors to improve your procurement activities. Your State Entity will reap many benefits through improved processes. If you develop written plans, you will be more likely to follow through on them. Also, your staff will take them more seriously.





### **3. POLICY BASIS FOR COMPLETING ANNUAL SELF-AUDITS**

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#### ***REQUIREMENT FOR QUARTERLY SPEND ANALYSES***

When requested by the Governor, the Legislature, or other groups or individuals, the State Purchasing Division reports the details of any purchase or purchases made by State Entities. Each State Entity is solely responsible for the accuracy of spend data for the purchase of all goods, equipment, and services at the Entity level. Spend is captured at the line level of purchase orders by NIGP Codes and line item descriptions as well as by Purchase Type Codes. Accurate procurement spend data is critical for the following objectives:

- understand buying efficiencies and trends;
- verify compliance in procurement processes;
- evaluate performance levels of procurement staff to determine training needs;
- reduce or eliminate risk exposure in procurement;
- detect the need for creating or renewing Statewide or Agency Contracts;
- SPD to dissolve or renew statewide contracts; and
- SPD to respond to Executive and Legislative inquiries.

#### ***REQUIREMENT FOR ANNUAL PROCUREMENT OPERATIONS REVIEW***

Each State Entity must conduct a procurement operations review annually, also known as a “self-audit”, using the tools and methodologies provided by the State Purchasing Division. The self-audit consists of a review of internal controls, purchase order data, and solicitations conducted during a specific period. The State Purchasing Division Process Improvement Team will consider the results of the self-audit in planning its annual audit schedule.

#### **Submitting the Annual Self-Audit**

State Entities must send the scorecards used in the self-audit to the State Purchasing Division Process Improvement Team no later than February 15<sup>th</sup> of each year. State Entities that have not submitted the self-audits by the due date will be contacted within one week unless an extension has been granted. Extensions must be requested by the end of January. To request an extension, send an email to Process Improvement at [processimprovement@doas.ga.gov](mailto:processimprovement@doas.ga.gov).

Complete instructions for each of the forms are in the *State Entity Procurement Compliance Manual* (this manual) available on the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>.

Files to be submitted are:

- Self-Audit Report Card
- Purchase Order Review using the Random Sample and Criteria-Based Sample Scorecards
- Solicitation Listing from the GPR

- Solicitation Scorecards
- Internal Controls Questionnaire
- Corrective Action Plans (if needed)

The files can be emailed to [Process.Improvement@doas.ga.gov](mailto:Process.Improvement@doas.ga.gov) or sent on CD's or flash drives via ground delivery (e.g. United States Post Office) to:

DOAS State Purchasing Division  
200 Piedmont Avenue  
Suite 1302, West Tower  
Atlanta GA 30334  
ATTN: Process Improvement

### **State Purchasing Division Review of Self-Audits**

The State Purchasing Division Process Improvement Team will review the self-audits to determine the adequacy of the review and will also spot-check the results of the audit. The Team will use the self-audits and the evaluations in planning its annual audit schedule. The Process Improvement Team will also send you a summary of its evaluation of your self-audit.

### **Purchase Order Review**

The Process Improvement Team will assist State Entities in this review by using data analysis software to identify a random sample of purchase orders for each State Entity as well as a criteria-based sample.

#### Random Sample

During August of a new fiscal year, the Process Improvement Team will select a random sample from the previous fiscal year's purchase orders. The random sample will be approximately 5% of the total number of purchase orders.

- The Process Improvement Team will download the data for all State Entities using the SAO version of PeopleSoft using the OPO019D\_PO\_LIST\_BY\_BU\_DETAIL query, commonly known as the "19D" query.
- For Units of the University System of Georgia, the school must run the BOR\_OPO019D\_PO\_LIST\_BY\_BU\_DTL query in PeopleSoft for the previous fiscal year and send the results to Process Improvement no later than August 31<sup>st</sup>. An Official Announcement from the State Purchasing Division will go out during the first week of August as a reminder.

Samples will be sent to the State Entities on the PO Scorecards by September 30<sup>th</sup>. Instructions for running the query are found in the *State Entity Procurement Compliance Manual* in case you need it for a separate, periodic review.

For example, during August 2017, Process Improvement will select random samples for each State Entity from purchase orders issued between July 1, 2016, and June 30, 2017. This data will be put into the PO Scorecards and sent to each State Entity on or before September 30, 2017. State Entities must submit the review by February 15, 2018.

#### Criteria-Based Sample



The Process Improvement Team will use data analysis software to identify purchase orders meeting one or more of the following criteria:

- Non-Contract Purchases >= \$25,000
- Potential Split Purchases by Vendor ID
- Potential Split Purchases by NIGP Code

These purchase orders will be put into a separate scorecard. The State Entity must review these to determine if there are any violations and submit the results to the Process Improvement Team with the review of the random sample.

### **Georgia Procurement Registry Review**

Each State Entity must use the scorecards available on the State Purchasing Division web site to review at least one of each type of solicitation posted during the previous *fiscal year*. These scorecards are available at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools> and include separate scorecards for RFQ, RFP, Sole Source, and Consortia solicitations.

### **Internal Controls Review**

Each State Entity must also review internal controls in place to prevent fraud, waste, and abuse. The Internal Controls Questionnaire is available on the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>.

### **Corrective Action Plans**

If the score on any individual scorecard falls below 75%, then the State Entity must also submit a Corrective Action Plan for implementing improvements in that area. Corrective Action Plans must be submitted with the files shown above. Instructions and tips for writing Corrective Action Plans are in the *State Entity Procurement Compliance Manual*.





## **4. DOWNLOADING PURCHASE ORDER DATA FROM PEOPLESOFT**

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### ***OVERVIEW***

In addition to the annual self-audit, an APO/CUPO might want to do periodic reviews. Procurement data can be obtained from PeopleSoft and reviewed electronically through the use of computer applications. This type of audit requires the reviewer to have certain skills in the use of procurement systems and in Microsoft® Excel.

This chapter is designed to be a comprehensive guide to assist the reviewer in obtaining data from various procurement systems for the audit. The Purchase Order Review requires the reviewer to access the PeopleSoft Financial System and run four Purchase Order Queries to extract purchase order data. Information and instructions are provided by each type of PeopleSoft system:

- SAO PeopleSoft
- BOR PeopleSoft

### ***QUERIES TO USE***

The Purchase Order Review uses four PeopleSoft queries, all of which are explained in more detail in the relevant chapters of this manual. These queries are:

- OPO019D\_PO\_LIST\_BY\_BU\_DETAIL (referred to as the 19D query)
- OPO019D\_AUD\_SPD\_25K\_REVIEW (referred to as the \$25K Review query)
- OPO019D\_AUD\_SPD\_PO\_LIST (referred to as the PO List query)
- OPO019D\_AUD\_SPD\_VENDOR\_SPLITS (referred to as the Vendor Splits query)

The Board of Regents PeopleSoft system uses the same query names except that “BOR\_” is added to the front of the name (e.g. BOR\_OPO019D\_PO\_LIST\_BY\_BU\_DETAIL).

The 19D query has been in use for several years. The queries with “AUD\_SPD” in the name are new as of January 1, 2017. These were developed to help you quickly identify possible exceptions rather than doing a time-consuming manual review of all purchase orders. The \$25K Review and the Vendor Splits queries can also be run at any time if you want to do a quick review of these areas.

### ***PO DOWNLOAD – SAO PEOPLESOFT***

Certain procurement information can be extracted from the State Accounting Office (SAO) PeopleSoft system through the use of a query. Access to specific queries in the SAO PeopleSoft system is based on the security profile established for each user by the Entity’s security administrator.

To conduct desktop auditing of an Entity’s purchase orders, the reviewer must have access to query OPO019D (O = number 0; O = letter O) from the SAO PeopleSoft Financial System.

## Contact Information

Contact the SAO Help Desk if any assistance is needed with accessing PeopleSoft:

- By phone - 404-657-3956 or 888-896-7771
- By email - [SAO\\_PS\\_Access@sao.ga.gov](mailto:SAO_PS_Access@sao.ga.gov)

Contact the DOAS Help Desk if any assistance is needed running a 19D query:

- By phone - 404-657-6000
- By email - [ProcurementHelp@doas.ga.gov](mailto:ProcurementHelp@doas.ga.gov)

## How to Run the Queries

All queries must be retrieved from the PeopleSoft system to verify that Entity business units are processing purchase orders according to the O.C.G.A. and the GPM.

The OPO019D query:

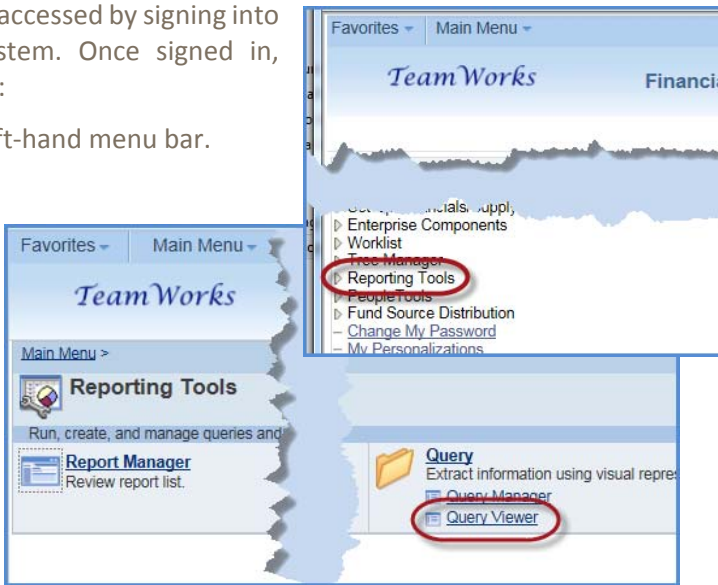
- provides PO line detail
- can be retrieved by business unit and PO date
- can be run to Excel
- can be saved as an electronic file

The 19D query, “OPO019D”, can be accessed by signing into the SAO PeopleSoft Financial System. Once signed in, follow these steps to run the query:

Click on “Reporting Tools” in the left-hand menu bar.

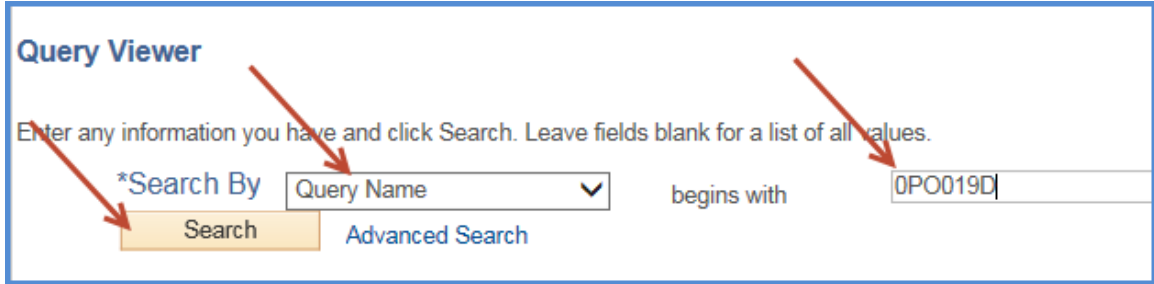
The Reporting Tools screen will display the available tools.

Click on the Folder named “Query” or the link for “Query Viewer”.



The Query Viewer screen will ask for the search criteria. For “Search By” drop-down list, select “Query Name”. In the “begins with” field, enter OPO019D.

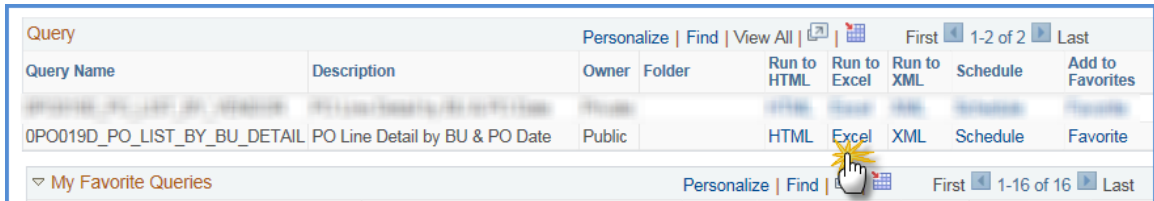
Click “search”.



Once the system displays the query in the Search Results screen, the following options are available:

- Run to HTML
- Run to Excel
- Schedule
- Add to Favorites.

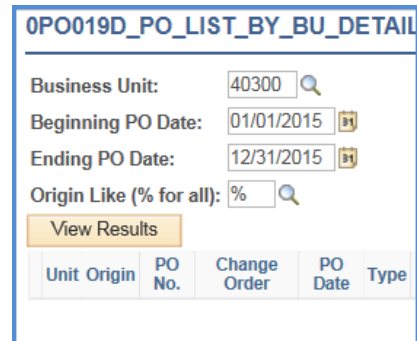
Click on Run to Excel. Click the link for “Excel”. (To easily access the query in the future, select “Add to Favorites” and the 0PO019D query will be listed under My Favorite Queries next time you log in.)



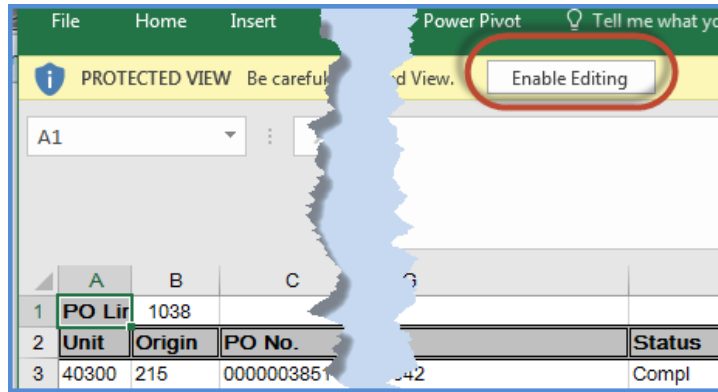
The following screen will display. Enter your five-digit Business Unit, the Beginning PO and Ending PO dates for the time period you want to review, and an Origin code. If you have multiple origin codes, enter the percent sign (%) to retrieve all.

Click “View Results”.

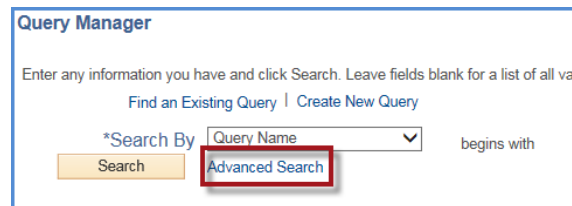
Depending on your browser, you will need to open or download the file.



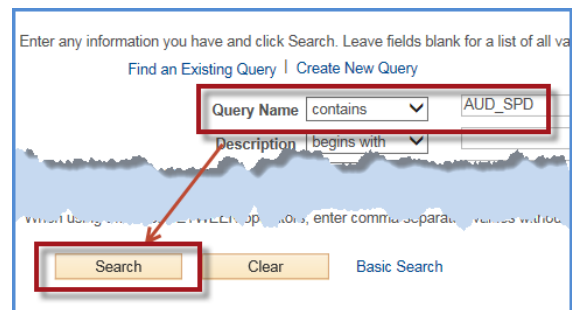
The resulting spreadsheet will be used in the preparation of the PO Workbook. Below is an example of how the data appears once it is run to Excel. Always remember to click “Enable Editing” to save the spreadsheet for future use.



For the three remaining queries, you will need to search for query names that contain “AUD\_SPD”. To do this, open the Query Viewer and click on “Advanced Search”. (Your screen will say “Query Viewer” rather than “Query Manager”.)



Select “contains” from the drop-down list next to Query Name. Enter AUD\_SPD in the box and click on Search.



A list of queries with AUD\_SPD in the name will display. Follow the instructions above to download the query results to Excel. Each query will prompt you for a date range just as the 19D query does.

Select	Query Name	Descr	Owner	Folder	Edit	Run to HTML	Run to Excel
<input type="checkbox"/>	0PO019D_AUD_SPD_25K_REVIEW	Non-Contract PO's >= \$25K	Public		Edit	HTML	Excel
<input type="checkbox"/>	0PO019D_AUD_SPD_PO_LIST	List of PO's with totals	Public		Edit	HTML	Excel
<input type="checkbox"/>	0PO019D_AUD_SPD_VENDOR_SPLITS	Potential split purchases	Public		Edit	HTML	Excel

## ***PO DOWNLOAD – BOR PEOPLESOFT***

Certain procurement information can be extracted from the Board of Regents (BOR) PeopleSoft system through the use of a query. Access to specific queries in the BOR PeopleSoft system is based on the security profile established for each user by the BOR Entity's security administrator.

To conduct desktop auditing of an Entity's purchase orders, the reviewer must have access to query BOR\_OPO019D\_PO\_LIST\_BY\_BU\_DTL (O = letter O; 0 = number 0) in the BOR PeopleSoft system.

### ***Contact Information***

Contact Information Technology Services (ITS) customer service if any assistance is needed on accessing BOR PeopleSoft or running a P.O. query.

By Phone: Teresa Page at 888-875-3697

On the web: [http://www.usg.edu/customer\\_services](http://www.usg.edu/customer_services)

### **How to Run the Queries**

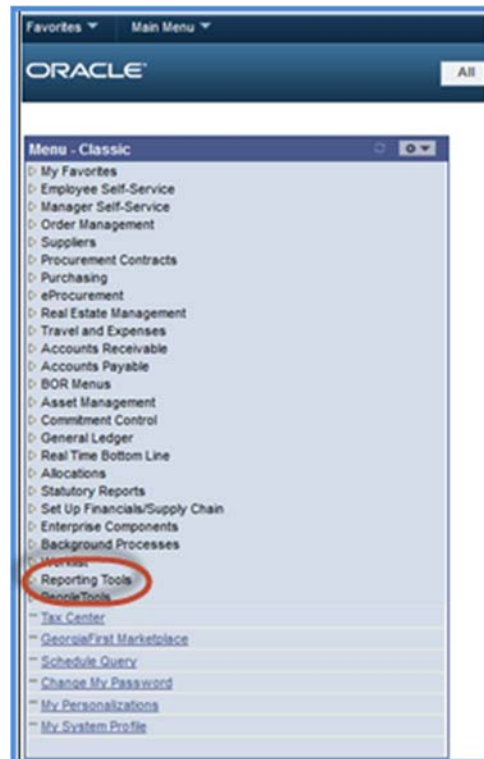
All queries must be retrieved from the PeopleSoft system to verify that Entity business units are processing purchase orders according to the O.C.G.A. and the GPM.

The BOR\_OPO019D\_PO\_LIST\_BY\_BU\_DTL query:

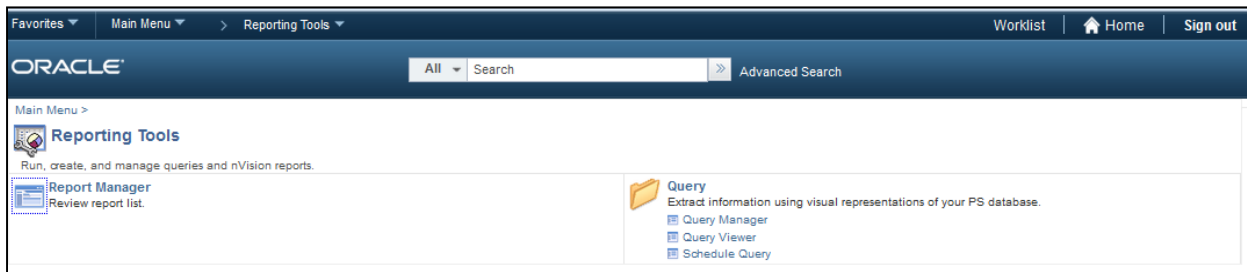
- provides PO line detail
- can be retrieved by business unit and PO date
- can be run to Excel
- can be saved as an electronic file

The BOR PeopleSoft 19D query, BOR\_OPO019D\_PO\_LIST\_BY\_BU\_DTL, can be accessed by signing into the GeorgiaFIRST PeopleSoft Financials database:

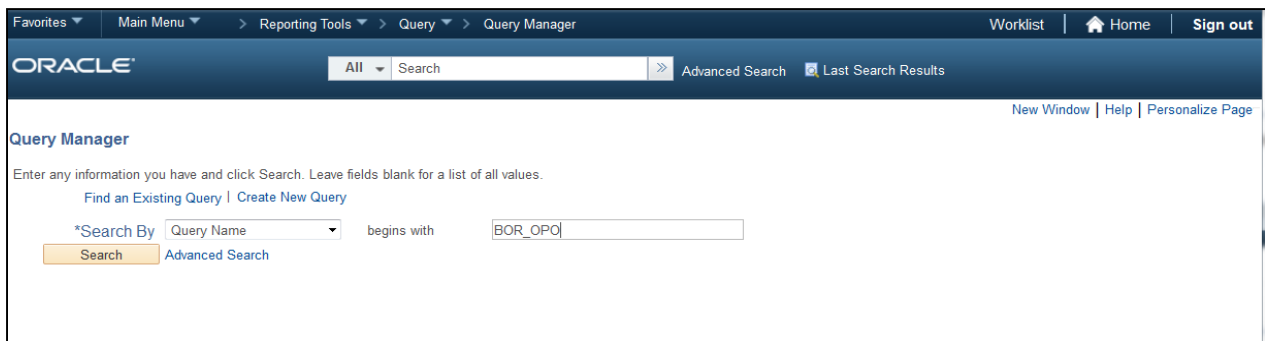
Select the Reporting Tools link in the left navigation bar to access the Reporting Tools page.



The Reporting Tools page will display. Within the Query folder, there will be a link for Query Manager and/or Query Viewer, depending on your specific user security.

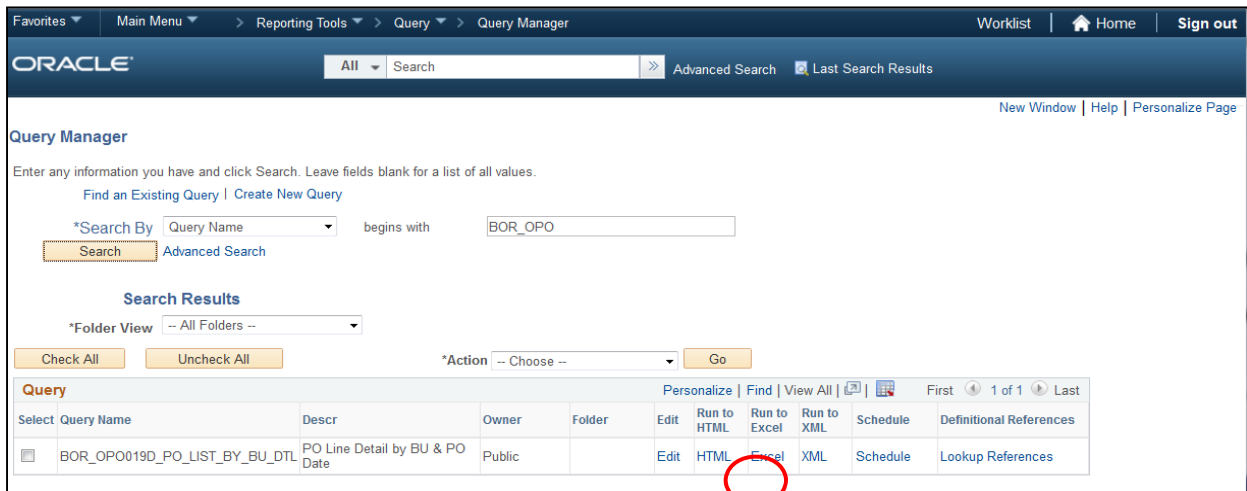


In Query Viewer (or Query Manager), perform a search by Query Name by typing “BOR\_OPO” in the “begins with” field.



Click “search”.

When the query displays, select the “HTML” hyperlink to the right of the query name to initiate the query.

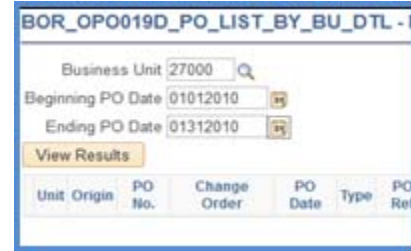




The query prompts page will display.

Enter your institution’s five-digit Business Unit and the Beginning and Ending PO Dates you wish to include.

Click “View Results”.



Once the data is returned, select “Excel Spreadsheet” to Download results.

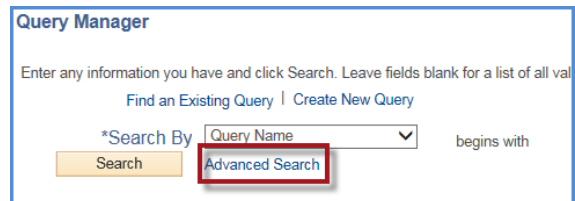


To save the query, select the folder where the file will be saved, then name it appropriately.

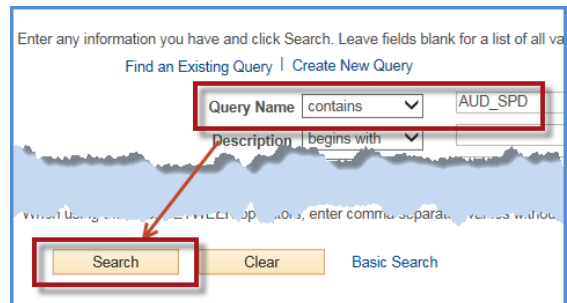
Click “Save”.

The saved temporary file will be used in the preparation of the PO Workbook.

For the three remaining queries, you will need to search for query names that contain “AUD\_SPD”. To do this, open the Query Viewer and click on “Advanced Search”. (Your screen will say “Query Viewer” rather than “Query Manager”.)



Select “contains” from the drop-down list next to Query Name. Enter AUD\_SPD in the box and click on Search.



A list of queries with AUD\_SPD in the name will display. (NOTE: The screen shot below is from SAO PeopleSoft. The names of the BOR queries will have BOR in the name.) Follow the instructions above to download the query results to Excel. Each query will prompt you for a date range just as the 19D query does.

Select	Query Name	Descr	Owner	Folder	Edit	Run to HTML	Run to Excel
<input type="checkbox"/>	0PO019D_AUD_SPD_25K_REVIEW	Non-Contract PO's >= \$25K	Public		Edit	HTML	Excel
<input type="checkbox"/>	0PO019D_AUD_SPD_PO_LIST	List of PO's with totals	Public		Edit	HTML	Excel
<input type="checkbox"/>	0PO019D_AUD_SPD_VENDOR_SPLITS	Potential split purchases	Public		Edit	HTML	Excel





## 5. SELECTING A SAMPLE OF PURCHASE ORDERS

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Each Purchase Type has specific procedures or requirements that must be met to be considered compliant with State law or the *Georgia Procurement Manual*. The Purchase Type Review involves ensuring that purchase orders comply with the various requirements for that type of purchase order. For example, all items on a Mandatory Statewide Contract purchase order are shown on the contract, the contract is still valid (or was valid at the time of the purchase), etc. You will use the *PO Review Checklist* for the Purchase Type Review. You can find this checklist as Appendix B of this manual and on the State Purchasing Division web site.

When doing your own periodic review of purchase orders, you will need to select a sample to review. You do not need to look at every purchase order or every purchase order line to do an adequate review. You can select a sample. You can use either the PO Workbook or the PO Scorecards to organize your data for review. Both workbooks are available on the State Purchasing Division web site. Instructions for use are included in this manual.

### ***SELECTING A RANDOM SAMPLE – PROCESS IMPROVEMENT***

The Process Improvement Team will select a random sample of purchase orders for State Entities using data analysis software. It is the same method that the Process Improvement Team uses to select the random sample for its audits. However, you can download the 19D query at any time and for any time period if you wish to do additional reviews.

The Process Improvement Team will send you the scorecards with the data already entered. The Random Sample Scorecard will have the following tabs:

- A summary of the review with scoring information.
- The list of individual purchase orders to be reviewed.
- The individual lines from the 19D that correspond to the purchase orders. The PO Line Review spreadsheet will be in the format of the standard 19D query.

The Criteria-Based Sample will have the following tabs:

- \$25K Review
- Split Purchases by NIGP
- Split Purchases by Vendor

This manual has instructions on how to complete each of these purchase order scorecards. Use the *PO Review Checklist* (Appendix B) as the criteria for your review. You will also need to access your purchase order files (paper or electronic), if needed, to complete this review.

Some of you will notice that the “NIGP Summary Tool” is not mentioned. That review has been incorporated into the Random Sample Scorecard. However, this tool is still available and can be used for any periodic reviews you do since the logic for that tool cannot be built into a query in PeopleSoft.

## ***SELECTING A SAMPLE – MANUAL SELECTION***

If you are doing a separate periodic review (i.e. other than the annual self-audit), it is recommended that you select your sample only from the most recent one to three-month period. In the event of questions, buyers will be more likely to remember the details from the most recent months than from 12 months ago. For periodic reviews, follow the instructions for organizing purchase order data into the PO Workbook or PO Scorecard, but select only a sample (e.g. two purchase orders from each buyer or the first 20 purchase orders, or a random selection) and copy only those rows to the Purchase Type tab.

Copy all purchase order lines selected in the sample for each Purchase Type to a separate tab for greater ease of review.

Use the “Purchase Type Review” section of the *PO Review Checklist* to complete the following tasks from the sample for each of the Purchase Types:

- Identify any errors or non-compliant issues on each of the purchase orders reviewed.
- Document the error or non-compliant issue with a corrective action plan on at least one line of the purchase order in the “Comments” column.
- Save all documentation made to the “Purchase Type” tabs in the *PO Workbook*.



## 6. USING THE PURCHASE ORDER SCORECARDS

### OVERVIEW

The State Purchasing Division’s Process Improvement Team uses two Purchase Order Scorecards for its audits. The Scorecards are in Excel format and allow the auditor to record the compliance status of various factors, such as use of the correct Purchase Type Code or adequacy of description. The factors are based on the PO Review Checklist, Appendix B of this manual. It then summarizes the results and displays a summary of the scoring and a final “grade”.

The procedures in this chapter describe how Process Improvement creates the PO Scorecards. You can follow these same instructions to create your own scorecards for periodic reviews and are written as if you are the one creating the scorecards.

Using the PO Scorecards requires certain Excel skills. You must know how to:

- Copy and paste data from one spreadsheet to a specific cell on another spreadsheet
- Copy formulas from a cell or cells on one row to the cell or cells on the next row or rows
- Use filters
- Select values from a drop-down list

The scorecard is password protected and allows you to enter data only in certain cells.

**VERY IMPORTANT NOTE:** The Random Sample and the Criteria-Based Scorecards are designed to hold the spreadsheets that Process Improvement provides for you. These spreadsheets have only the columns needed for the review to reduce the file sizes. The Process Improvement Team will provide these to you for the annual self-audit. If you use the scorecards for a periodic review, you can use a PO List query, described below, to obtain a list of purchase orders with the columns needed for the Individual PO’s tab. Next, you will need to carefully copy only the columns needed from the 19D query or your sample to the corresponding columns of the PO Line Review tab.

### SCORING METHODOLOGY

The score is the total points earned as a percent of total points available. The score determines the Rating and Tier. For example, if a PO Scorecard receives a 92%, the PO Review has a rating of Acceptable and is in Tier I. Definitions of the tiers can be found in Appendix A.

PO Rating Scales			
Compliance Ranges		Grade	Tier
95%	100%	Excellent	Tier I (+)
85%	94%	Acceptable	Tier I
75%	84%	Marginal	Tier II
60%	74%	Significant Non-Compliance	Tier III
	59%	Unsatisfactory	Tier IV

## QUERIES TO USE IN PERIODIC REVIEWS

There are four queries to use in reviewing your purchase order data. One of these queries, the “19D”, has been in use for quite some time and three are new. In referring to these queries, the SAO PeopleSoft query name, or a shortened name, will be used. For BOR schools, each query name begins with “BOR\_” and then the rest of the SAO name.

Follow the instructions in Chapter 4 to run queries in PeopleSoft. To run the three new queries, search for queries beginning with OPO019D\_AUD\_SPD (BOR schools will search for queries beginning with BOR\_OPO019D\_AUD\_SPD) to locate the queries shown below.

- The one that has been in use for several years is the “19D”. The full name is OPO019D\_PO\_LIST\_BY\_BU\_DETAIL. This query/spreadsheet will be referred to as the “19D” query. It has line item detail for purchase orders and is used on the PO Line Review tab of the Random Sample Scorecard.
- The three new queries are shown on the screenshot below.

Query			
Select	Query Name	Descr	Owner
<input type="checkbox"/>	OPO019D_AUD_SPD_25K_REVIEW	Non-Contract PO's >= \$25K	Public
<input type="checkbox"/>	OPO019D_AUD_SPD_PO_LIST	List of PO's with totals	Public
<input type="checkbox"/>	OPO019D_AUD_SPD_VENDOR_SPLITS	Potential split purchases	Public

- OPO019D\_AUD\_SPD\_19D\_PO\_LIST – This query creates a list of purchase orders with the PO Number, PO Date, Purchase Type Code, Vendor Name, and total amount. This query/spreadsheet will be referred to as the “PO List” and goes on the Individual PO’s Scorecard tab of the Random Sample Scorecard. It **must** be run for the same time period as the 19D.
- OPO019D\_AUD\_SPD\_19D\_25K\_REVIEW – This query creates a list of purchase orders greater than or equal to \$25,000 that were coded as something other than Statewide Contract Mandatory, Statewide Contract Convenience, or Agency Contract. You can use this spreadsheet in the \$25K Review discussed below and on the Criteria-Based Sample scorecard. This query/spreadsheet will be referred to as the “\$25K Review”.
- OPO019D\_AUD\_SPD\_19D\_VENDOR\_SPLITS – This query creates a list of vendors with multiple purchase orders on the same day and whose total amounts are greater than or equal to \$25,000 and that were coded as something other than Statewide Mandatory, Statewide Contract Convenience, or Agency Contract. You can use this spreadsheet in the Split Purchases Review discussed below and on the Criteria-Based Sample scorecard. This query/spreadsheet will be referred to as the “Split Purchase Review”.

## ***PROCEDURES***

### **Obtain Purchase Order Data**

Follow the procedures above to run the four queries in PeopleSoft. Two of these will be used in the random sample review. One of the spreadsheets will have a list of the purchase orders and the amount for each (the PO List); another spreadsheet will have the individual lines (PO Line List) that make up the total amount of each purchase order. In order for the Random Sample Scorecard to work properly, you must have the purchase order lines that correspond to the purchase orders on the PO list. When you download your data from PeopleSoft, you should select your sample prior to copying any data onto the Random Sample Scorecard.

### **Scorecards Workbook Structure**

For annual self-audits, you will receive the PO Scorecards with the data already entered. For periodic reviews, once you have run the four PeopleSoft queries described above, download the Random Sample Scorecard and the Criteria-Based Scorecard from the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>. See Chapter 2 for instructions on navigating to the site and downloading the self-audit tools.

### ***Random Sample***

The Random Sample Scorecard has the following tabs:

- PO Scoring Summary. You will enter data in two places on this tab.
  - Select your State Entity name from the drop-down list at the top.
  - Enter the buyer names exactly as they appear in the data starting in cell A21. See instructions below for generating a list of buyer names as they appear in the data with a pre-designed pivot table. If the formulas in columns B, C, and D next to the buyer names do not calculate, then the buyer name as shown on this tab does not match any buyer name as shown in the PO data. Use of the Buyer Pivot tab (explained below) will prevent errors.
- The remainder of this tab calculates from other tabs and is protected against changes.
- Individual PO's Scorecard. This tab will have the list of individual purchase orders in the random sample. You will enter some data on this tab while some cells are calculated from the PO Line Review tab. Only those cells that you need to enter information into will be unprotected.
- PO Line Review. This tab will have the individual lines for the purchase orders in the random sample. You will use it to record your review of PO Line Descriptions, NIGP Codes, and NIGP Code Exemptions/PO Type review. There are no formulas or protected cells on this tab.
- Buyer Pivot. This pivot table will create a list of buyer names that will be copied to the list of buyers on the PO Scoring Summary. You do not need to know pivot tables to use this tab. Simply click the green "recycle" button.

## Criteria-Based Sample

The Criteria-Based Scorecard has the following tabs:

- Summary and Rating. This tab displays a summary of the other tabs.
  - Select your State Entity name from the drop-down list at the top.
  - Enter the total number of lines for the period under review.
- \$25 Review. This tab holds the results of the \$25K Review query from PeopleSoft.
- Splits – Vendor. This tab holds the results of the Vendor Splits query from PeopleSoft.
- Splits – NIGP. Can be used only with the self-audit files sent from Process Improvement. This query has not yet been developed in PeopleSoft.

## NIGP Code Review

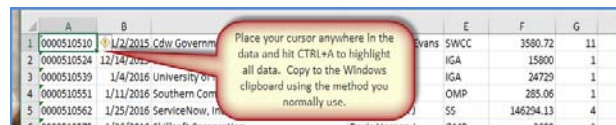
The random sample will contain a field indicating if the NIGP Code exempt classification (exempt or non-exempt) aligns with the Purchase Type Code. This replaces the old “NIGP Summary Tool”. If an NIGP Code is not exempt, then it should not be on a purchase order coded as Exempt. Conversely, if an NIGP Code is exempt, the correct Purchase Type Code is Exempt, with some exceptions such as in the case of a contract for items that are exempt. Where the combination of NIGP Code status and Purchase Type Code align, the NIGP Code Review will say that the Purchase Type Code has been validated. Any that were not validated will reflect the reason. These should be reviewed to determine if they are violations or if there is a reason for the lack of validation.

The NIGP Summary Tool will still be available on the State Purchasing Division web site.

## Prepare the Random Sample Scorecard

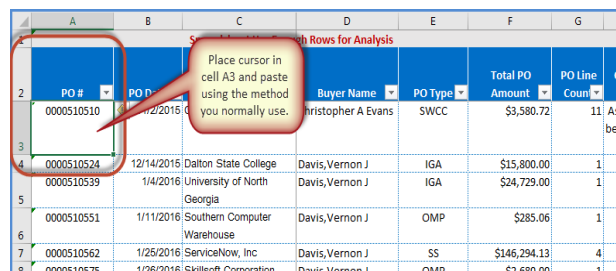
Select a random sample from the 19D spreadsheet. This scorecard will already have data if you are using it as part of the annual self-audit.

- Once you have created the sample, download a fresh copy of the Random Sample Scorecard following the instructions above and save to a folder on your computer or on your network.
- Copy the PO List query to cell **A3** of the Individual PO’s Scorecard tab in the Scorecard workbook. This cell is highlighted in yellow.
- NOTE: You cannot simply copy the entire data spreadsheet to the Individual PO’s Scorecard tab. If you do, you will receive an error message that the cells are protected. You must copy only the data. Delete the column headers from the sample spreadsheet prior to pasting into the Individual PO’s Scorecard tab.
- When doing a periodic review, create your own PO Line Review spreadsheet by copying only the columns needed from your sample to a new spreadsheet. After ensuring that the



Place your cursor anywhere in the data and hit CTRL+A to highlight all data. Copy to the Windows clipboard using the method you normally use.

A	B	C	D	E	F	G	H
1	0000510510	1/2/2015	Cdw Government	Evans	SWCC	3580.72	11
2	0000510524	12/14/2015	Dalton State College	Davis, Vernon J	IGA	15800	1
3	0000510539	1/4/2016	University of North Georgia	Davis, Vernon J	IGA	24729.00	1
4	0000510551	1/11/2016	Southern Computer Warehouse	Davis, Vernon J	OMP	285.06	1
5	0000510562	1/25/2016	ServiceNow, Inc	Davis, Vernon J	SS	146,294.13	4
6	0000510575	1/26/2016	Skillsoft Corporation	Davis, Vernon J	OMP	2,680.00	1



Place cursor in cell A3 and paste using the method you normally use.

A	B	C	D	E	F	G	H
2	PO #	PO D	Buyer Name	PO Type	Total PO Amount	PO Line Count	
3	0000510510	1/2/2015	Christopher A Evans	SWCC	\$3,580.72	11	Asst
4	0000510524	12/14/2015	Dalton State College	Davis, Vernon J	\$15,800.00	1	bet
5	0000510539	1/4/2016	University of North Georgia	Davis, Vernon J	\$24,729.00	1	
6	0000510551	1/11/2016	Southern Computer Warehouse	Davis, Vernon J	\$285.06	1	
7	0000510562	1/25/2016	ServiceNow, Inc	Davis, Vernon J	\$146,294.13	4	
8	0000510575	1/26/2016	Skillsoft Corporation	Davis, Vernon J	\$2,680.00	1	



columns are in the same order as that shown on the PO Line Review tab, copy the line data into cell E3 of the PO Line Review tab.

### Using the Random Sample Scorecard

The scorecard is designed so that you can do the review two ways. One way is to do one purchase order at a time, moving back and forth between the tabs and reviewing both tabs for one purchase order at a time. The second way is for you to review all purchase orders on the Individual PO's Scorecard tab and then do the line review for all purchase orders.

You will evaluate the following.

- Individual PO's Scorecard tab – Select the appropriate compliance level from the drop-down lists in columns I, J, and K. Use column H or a separate sheet of paper for comments or questions.
  - Correct Purchase Type Code. This column requires a Yes or a No answer.
  - Order of Precedence was followed. This column requires a Yes or a No answer.
  - Other specific procedures were followed. This column requires a Yes, No, or Needs Improvement answer.
  - Remaining columns will calculate once you have completed the PO Line Review tab.

	A	B	H	I	J	K	L	O
1								
2	PO #	PO Date	Comments / Questions or Buyer Response	Correct PO Type?	Order of Precedence?	Other Specific Procedures?	Clear Description?	Correct 3-Digit NIGP?
3	0000510510	11/2/2015	Ask this buyer to provide a better description.	Yes	Yes	Yes	Needs Improvement	Needs Improvement
4	0000510524	12/14/2015		No	Yes	Yes	Yes	Yes
5	0000510539	1/4/2016		Yes	Yes	Yes	Yes	Yes

- PO Line Review tab – Select the appropriate compliance level from the drop-down lists in columns A,C, and E.
  - Clear Description. This column requires a Yes, No, or Needs Improvement response.
  - Correct 3-Digit NIGP. This column requires a Yes, No, or Needs Improvement response.
  - NIGP / Purchase Type Code Validation. This column requires a Compliant or Non-Compliant response.

	A	B	C	D	E	F
1	Refer to Point-Based PO Analysis Scorecard for Guidance in					
2	Clear Description?	Comments	Correct 3-Digit NIGP?	Comments	NIGP Code / PO Type Validation?	Reason for NIGP Code / PO Type Non-Compliance?
3	Yes		Yes		Compliant	0000
4	Yes		Yes		Compliant	0000
5	Yes		Yes		Non-Compliant	0000
6	Yes		Yes		Compliant	0000

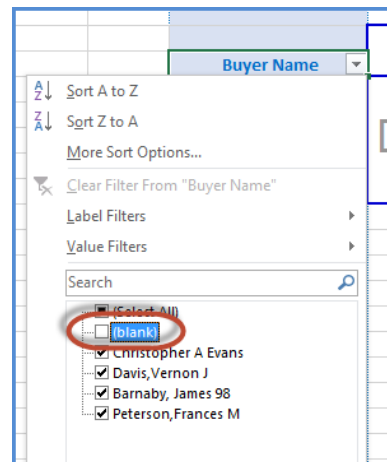
Once you have completed the PO Line Review tab, the formulas related to Descriptions, NIGP Codes, and NIGP / Purchase Type Code (annual self-audit only) will populate on the Individual PO's Scorecard tab.

### Reviewing the Results

As you complete the review of purchase orders on the Individual PO's Scorecard and the PO Line Review tabs, the formulas on the PO Scoring Summary will calculate. However, the results will not be correct unless you have reviewed every purchase order and every line contained on the other tabs of the workbook.

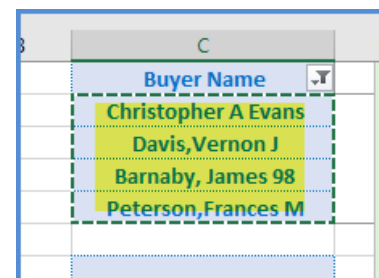


Once you have finished the review, you can also see a rating of each individual buyer. On the Buyer Pivot tab, click on the green "Refresh" icon (or manually refresh the pivot table) to obtain a list of buyers *as the names appear in the purchase order data*.



Use the filter to remove any blank lines by unchecking the box next to "(blank)".

Carefully highlight just the names and copy and paste to cell A21 of the PO Scoring Summary tab. If you have more than three buyers, you will also need to copy the formulas in columns B, C, and D to all rows of buyers. In the illustration below, you would copy from B23:D23 to B24:D24.



The overall score, including the tier level, will display on the PO Scoring Summary. The definition of the tier also displays. From the information in the Buyer Performance Summary, you can determine which buyers might need extra training or coaching.

22	Davis, Vernon J	53	23.76	24.00
23	Barnaby, James 98	1	24.00	24.00
24	Peterson, Frances M			
25				

## ***CREATING YOUR OWN SAMPLE***

You can use the Random Sample Scorecard with a sample that you select from the 19D query and the PO List query rather than one selected by the Process Improvement Team. Simply copy the results of the 19D query from PeopleSoft, or a selection of lines, to the PO Line Review tab in the manner explained above. Populate the Individual PO's Scorecard with the required information for the same purchase orders as those on the PO Line Review tab. There are several ways to do this.

### **Using the PO List and the 19D Query**

Sort both the PO List and the 19D query spreadsheets the same way. For example, sort the PO List in descending order by PO Number and the PO Line List in descending order by PO Number and Line Number. From the PO List, copy the number of purchase orders you want to review. For example, if you have 200 purchase orders and want to review 10%, copy the first 20 purchase orders from the sorted PO List to the Individual PO's Scorecard tab. Then, copy the lines for those 20 purchase orders from the PO Line List to the PO Line Review tab. You might have more lines than purchase orders because some purchase orders will have more than one line.

### **Using a Pivot Table**

To create a sample from the 19D query data without downloading the PO List, the easiest way is to use a pivot table.

- Download your purchase order data from PeopleSoft using the 19D query.
- Create a pivot table with the "Rows" being, in this order,
  - PO Number
  - PO Date
  - Vendor Name
  - Buyer Name
  - Purchase Type Code
- Remove subtotals for all fields.
- For "Values", select "Sum" of the amount and "Count" of any of the columns.
- Sort the pivot table in descending order by PO Number to select the most recent purchase orders.
- Copy all columns of the desired number of purchase orders (e.g. first 20 purchase orders) directly from the pivot table to the Individual PO's Scorecard, being careful not to overwrite the column headings or formulas.
- From the tab with the data from the 19D query, copy the corresponding lines to the PO Line Review. You will want to sort in descending order by Purchase Order Number.

You can now follow the instructions above to use the Scorecard to evaluate your purchase orders.





## 7. \$25,000 BID COMPLIANCE REVIEW

Using the results of the \$25K Bid Review query in PeopleSoft, review each purchase order to determine if there was a bid violation. The results of this query will be on the Criteria-Based Sample Scorecard sent to you by Process Improvement for the annual self-audit.

### PROCEDURES

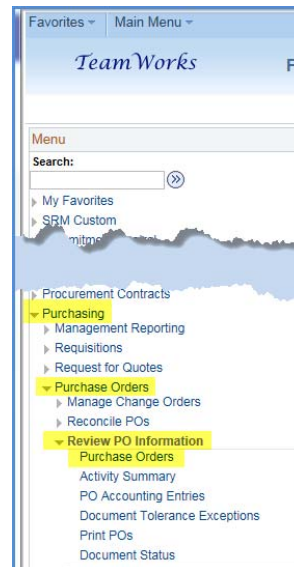
Run the \$25,000 Review query in PeopleSoft to Excel. It is recommended that you run it to the screen to determine if there are any results before you run it to Excel. If you have any results, your screen will look like this.

View All   Rerun Query   Download to Excel   Download to XML					First	1-1 of 1	Last
Unit	PO Date	Vendor	Name	Line Amount			
1	02/15/2016	0000112798	WILLIAMS INVESTMENTS COMPANY	294400.000			

You will see your Entity code, the PO date, the Vendor ID, the Vendor Name, and the total dollar amount. In PeopleSoft, navigate to Review Purchase Order Information and review each purchase order to determine if there was a bid violation. There could be several reasons, such as incorrect Purchase Type Code (e.g. SWCC accidentally coded as OMP). This query does not pull purchase orders coded as SWCC, SWCM, or AC. Make a comment on the line with the purchase order information.

Navigate to Review PO Information in PeopleSoft.

- Purchasing →
- Purchase Orders →
- Review PO Information →
- Purchase Orders



Enter either the Purchase Order Date and the Vendor ID or just the purchase order number and click “Search”.

**Purchase Order Inquiry**  
Enter any information you have and click Search. Leave fields blank for a list of all va

Find an Existing Value

Search Criteria

Business Unit: = [dropdown] [input] [magnifying glass]

PO ID: begins with [dropdown] [input] [magnifying glass]

Origin: begins with [dropdown] [input] [magnifying glass]

Contract SetID: begins with [dropdown] [input] [magnifying glass]

Contract ID: begins with [dropdown] [input] [magnifying glass]

Release Number: = [dropdown] [input]

Purchase Order Date: = [dropdown] 02/15/2016 [calendar icon]

PO Status: = [dropdown] [dropdown]

Short Vendor Name: begins with [dropdown] [input] [magnifying glass]

Vendor ID: begins with [dropdown] 0000112798 [clear] [magnifying glass]

Vendor Name: begins with [dropdown] [input] [magnifying glass]

Buyer: begins with [dropdown] [input] [magnifying glass]

Case Sensitive

Just because an Open Market Purchase is over \$25,000 does not automatically mean that there is a bid violation. Review your State Entity’s solicitations in the Georgia Procurement Registry to determine if the purchase was bid. One-time purchases of \$25,000 or more must be bid and can also be coded as Open Market if there is not a formal signed contract.

### ***DOCUMENT YOUR WORK***

For the annual self-audit, make comments in the “Comments” column on the Criteria-Based Scorecard. For your periodic reviews, enter comments directly on the \$25,000 Review spreadsheet or use the Criteria-Based Sample workbook available on the State Purchasing Division web site. Describe what you looked at (e.g. date range, number of purchase orders, number of lines, dollar amount, etc.). Make a list of any errors that you found. For each error, describe the action plans you intend to implement to prevent future errors.



## 8. SPLIT PURCHASE REVIEW

Using the results of the 0PO019D\_AUD\_SPD\_19D\_VENDOR\_SPLITS query (Split Purchase Review) in PeopleSoft, review each vendor/date combination to determine why the purchase orders appear to be a split purchase. There could be several reasons, such as incorrect Purchase Type Code (e.g. SWCC over \$25,000 accidentally coded as OMP). This query does not pull purchase orders coded as SWCC, SWCM, or AC. Make a comment on the line with the vendor/date information.

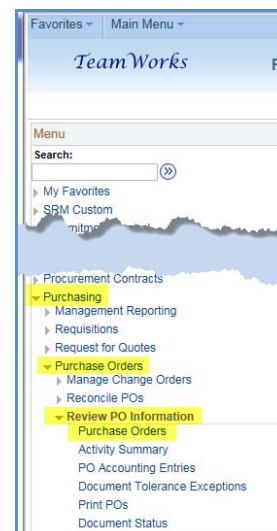
The results of these queries will be in the Criteria-Based Sample Scorecard sent to you by the Process Improvement Team as part of the annual self-audit.

### PROCEDURES

Run the Split Purchase Review query to Excel. It is recommended that you run it to the screen to determine if you have any possible splits before you run it to Excel. If you have any potential splits, your screen will display a list showing the PO Date, the Vendor ID, the Vendor name, and the line amount (total of the two or more purchase orders on the date).

View All   Rerun Query   Download to Excel   Download to XML						First	1-1 of 1	Last
	Unit	PO Date	Vendor	Name	Line Amount			
1		02/15/2016	0000112798	WILLIAMS INVESTMENTS COMPANY	294400.000			

- Navigate to Review PO Information in PeopleSoft.
- Purchasing →
- Purchase Orders →
- Review PO Information →
- Purchase Orders



Enter the Purchase Order Date and the Vendor ID and click “Search”.

The individual purchase orders that make up the total will display on the screen. Click on each purchase order number to review each one to determine if the purchase is actually a split purchase.

PO ID	Origin	Contract SetID	C
0000161224	285	STATE	(
0000161223	285	STATE	(

Document the results of your review on the Split Purchases Review spreadsheet or a separate Word document (e.g. “This was a split purchase – will discuss with buyer” or “PO should have been coded as AC”). If the purchases are in violation, document your corrective action plan to prevent future occurrences.

### ***DOCUMENT YOUR WORK***

For the annual self-audit, make comments in the “Comments” column on the Criteria-Based Scorecard. For your periodic reviews, enter comments directly on the Split Purchases Review spreadsheet or use the Criteria-Based Sample workbook available on the State Purchasing Division web site. You can also use a separate Word document. Describe what you looked at (e.g. date range, number of purchase orders, number of lines, dollar amount, etc.). Make a list of any errors that you found. For each error, describe the action plans you intend to implement to prevent future errors.





## 9. SELECTING THE CORRECT NIGP CODES

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NIGP Codes (National Institute of Governmental Purchasing) provide an excellent way to summarize State spend by commodity code. This enables both the State Purchasing Division and your State Entity to identify areas where you could save money with either Statewide Contracts or Agency Contracts. Therefore, it is critical that these codes be consistent and accurate.

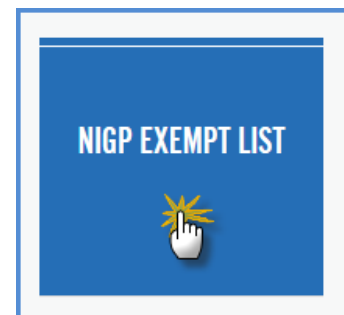
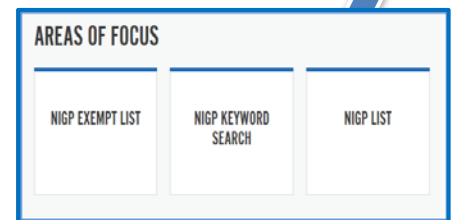
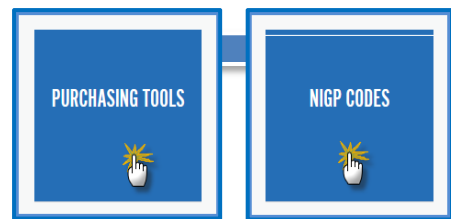
### *NIGP CODE RESOURCES*

There are some resources on the State Purchasing Division web site to help you find just the right code for what you are buying. Go to the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing>. Scroll down the page and locate the “Purchasing Tools” box. Click on that box and then locate the “NIGP Codes” box. When you click on it, you will see three tools.

### NIGP Exempt List

When you go to the exempt list, you will see all of the NIGP Codes that are either exempt due to Georgia law or those that the State Purchasing Division has identified as exempt. Perhaps the goods or services are hard to bid, such as fresh fruits and vegetables. If you are creating a purchase order for any of these exempt codes, then the Purchase Type Code should be “Exempt”.

If you know the NIGP Code you are purchasing, or you know a word in the NIGP Code name, you can find that code or that word on the page by clicking CTRL+F to activate the Windows “find” tool.



## NIGP Key Word Search

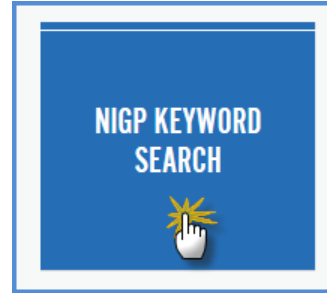
The NIGP Key Word Search allows you to enter multiple words in your search of all NIGP Codes. Click on the NIGP Key Word Search button. The Key Word Search screen in the Georgia Procurement Registry displays.

Enter your key words in one or more fields, one word per field.

- Clicking the “and” radio button will tell the search that both words must be in the description.
- Clicking the “or” radio button will tell the search to return descriptions with either word in the name.

Click the “NIGP Search” button.

In the example, to the right, using the words “clock” and “alarm” will result in all descriptions with both words. If you click on the “Or” radio button instead, you would see many more results because it would find descriptions with “clock” and descriptions with “alarm” in the names.

A screenshot of the Georgia Procurement Registry's NIGP Key Word Search form. The form has a green header with the "Team Georgia Marketplace" logo and "Georgia Procurement Registry" text. Below the header, the title "NIGP KEY WORD SEARCH" is displayed. Instructions state: "The NIGP descriptions at both the 3 digit and 5 digit level will be searched. Please enter key word or phrase in the appropriate box. Partial word search criteria may be used. Words and phrases are NOT case sensitive. Up to three words or phrases connected by 'and' or 'or' may be used for each search." There are two input fields, each with a radio button for "and" and "or". The "and" radio button is selected in both. At the bottom are "NIGP SEARCH" and "Reset" buttons.A screenshot of the NIGP Key Word Search form, similar to the one above, but with the search terms "clock" and "alarm" entered in the two input fields. The "and" radio button is selected for both fields. A blue arrow points from the search results table below to the "clock" input field.

NIGP CODE--DESCRIPTION	
19500	CLOCKS, WATCHES, TIMEPIECES, JEWELRY AND PRECIOUS STONES
19508	Alarm Clocks, Electric and Spring

## Using the NIGP List

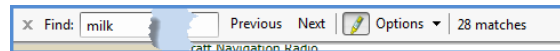
When you click on the NIGP List button, the entire list of NIGP Codes used by the State of Georgia will display. The list will be in numerical order. You can use the Ctrl+F functionality to find a specific word in the list.

In the example below, the search is for “milk”. Hit CTRL+F. A box will display for you to enter a word. Let’s use the word “milk” as an example. As soon as you begin typing, the search is going to highlight the letters. It will continue highlighting the letter combination as you type. In this example, you will see several occurrences of the word “milk”. If you need whole milk, you will want to continue scrolling until you find a code for the drink “milk” instead of selecting the first code with “milk” in the description.

This is where paying attention to the three-digit category comes in. Not only must you select the right five-digit code, but the code must be in the right category. Milk equipment is not the same as milk the drink.

And, while we’re talking about three-digit categories, any NIGP Code that starts with the numeral “9” is one of two things – it’s a service, or it’s sale of surplus items. If you are buying milk, you do not want to code it as surplus milk. Be sure to think twice before you code anything to an NIGP that begins with a 9!

(Screen shots are from Internet Explorer. If you are using a different browser, your search function might look slightly different.)



240--96	Timers, Mechanical
<b>245</b>	<b>DAIRY EQUIPMENT AND SUPPLIES</b>
245--02	Butter Machines, Churns, and Equipment
245--03	Cheese-Making Supplies: Annatto, Rennet, et
245--05	Cleaning Materials, For Dairy Equipment: Chl
245--10	Cooling Vats
245--15	Dairy Pails, Utility Pails
245--20	Ice Cream Containers: Paper and Metal
245--25	Ice Cream Shipping Jackets
245--30	Milk Bottle Caps: Metallic and Paper
245--35	Milk Bottles, Glass
245--40	Milk Cans, All Types
245--45	Milk Cartons: Paper and Plastic, Including Lin
245--50	Milk Crates
245--55	Milk Dispenser Can Tubes
245--59	Milk Filling Machines, Accessories and Supplie
245--60	Milk Filters
245--70	Milking Machines, Accessories, and Parts: Cor
245--80	Milk Processing Equipment, Homogenizers, Pe
245--83	Refurbished Dairy Equipment and Supplies
245--85	Stanchions, Milk Parlor
245--86	Teat Sanitizing Equipment and Supplies
245--87	Thermometers, Dairy, For Milk Vats, etc.
245--90	Wraps, Cheese: Circles, Bandages, Wax, etc.





## 10. NIGP CODE REVIEW

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***NOTE: This tool will still be available for use. However, the concepts discussed in this chapter have been incorporated into the Random Sample Scorecard. This tool is no longer part of the annual self-audit.***

The NIGP Summary Tool enables the user to determine if the Purchase Type Code is appropriate for the exempt or non-exempt status of the NIGP codes. For example, if an NIGP Code is not exempt from State Purchasing Division oversight, then the Purchase Type Code should be something other than “Exempt”. Conversely, if an NIGP Code is exempt, the Purchase Type Code should be Exempt. If both exempt and non-exempt items are on the purchase order, you should use the Purchase Type Code MUL, indicating that the purchase order has both.

### ***POSSIBLE RESULTS OF THIS REVIEW***

Below is a list of things that should be validated during the review of NIGP Codes on either the Random Sample Scorecard or when using the NIGP Summary Tool to ensure that buyers are coding purchase orders with the correct NIGP Code. The *NIGP Summary Tool* can be found at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>. Each PO line should be reviewed to verify correct NIGP Code(s) were used.

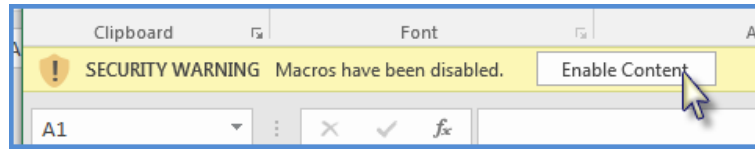
- Did the Purchase Order line(s) have a clearly defined, detailed, and adequate description? Did the description used for the line item match the description reflected in the NIGP code?
- Was the NIGP Code used at the five-digit level and not the three-digit category level (not ending in “00”)?
- If the line item of the Purchase Order was for services, did the NIGP Code begin with the number nine (9)?
- Were goods, services, and shipping separated per line item so that accurate NIGP code(s) were assigned to each type of purchase? (Please note: inventoried equipment MUST be identified per line item)

### ***PROCEDURES***

The NIGP Summary Tool is designed to hold the 19D query from PeopleSoft without having to do any modifications. Formulas on the tool compare the exempt status of the NIGP Code to the Purchase Type Code.

Download and open a clean copy of the NIGP Summary Tool from <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools> in the Compliance Tools section under Process Improvement Tools.

Click on the “Enable Content” button. Save the document to the same folder as your PO Workbook. The “Instructions” tab has a summary of the following detailed steps.

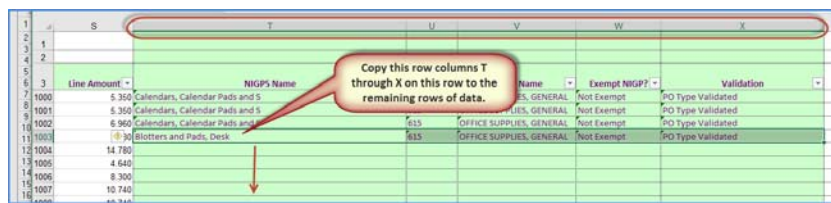


To set up the tool, you will need to select a sample of purchase order lines; however, you can copy all lines to the tool if you desire. You should use the same sample that you used for the Purchase Type Review on the PO Scorecard or the PO Workbook.

- Copy and paste the sample of purchase order lines into the appropriate cell of the *NIGP Summary Tool*.

**Helpful Hint:** Be sure NOT to include the header row when copying the lines into the tool.

- Once your data is copied to the tool, scroll to the right of the screen and confirm columns T through X are populated. Ensure that the formulas in columns T through X are copied to all



rows of data. If they are not, copy the formulas to remaining rows of purchase order data.

Save the *NIGP Summary Tool* file: NIGP Summary\_your Entity name\_fiscal year. Save all changes to this file.

Use the “NIGP Code Review” section of the *PO Review Checklist* to complete the following tasks:

- Identify any errors or non-compliant issues on each purchase order line in the *NIGP Summary Tool* file. You can easily do this by using the filter to hide all rows that **DO NOT** say “Purchase Type Code Validated”.
- Use a “Comments” column to the right of the data, or in a separate Word document, to document the errors or non-compliant issues with a corrective action plan identified for each purchase order line found in the *NIGP Summary Tool*.

### **ADDITIONAL INFORMATION**

- Be sure to use a clean copy of this tool from the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools> each time you use it.
- This tool is to be used with purchase order data for detecting and correcting NIGP codes. This tool is to be completed as part of the annual self-audit required by Section 8.2.1 of the *Georgia Procurement Manual*.

- Ensure that the NIGP Code column is a “text” column and not a “number” column. Simply formatting the column as “text” will not work; it must be opened in Excel as “text” or converted later. If the values are lined up on the right side of the cells, then the data is “number”; if they to the left of the cells, then they are text.
- To ***open as text***, see instructions in the “*Opening Text Files in Excel*” document found in the Additional Resource section on the web site shown above.
- To ***convert*** the values from number to text, follow the instructions in the “*Text to Columns*” in Excel document found in the Additional Resource section on the web site shown above.
- The *PO Review Checklist*, mentioned in these instructions, can also be found on this web site or as an appendix in this manual.

### **Other Tabs in the Workbook**

#### **The “Green” tabs on this tool provide:**

- Vendor Summary by PO -- Once this tab is “refreshed”, it provides purchase order spend totals by each vendor name.
- NIGP 5 Digit Summary – Once this tab is “refreshed”, it confirms whether those purchase orders coded as “Exempt” are listed on the NIGP Exempt List by NIGP Code.

#### **The “Red” tabs on this tool provide:**

- PeopleSoft NIGP List – This tab provides all 3-digit (Category) and 5-digit (Class) codes listed in the NIGP Directory and found in PeopleSoft. For a quick search for correct NIGP Codes, the user can use the Control Key + F to do a quick “find”. This will allow the user to look at the 3-digit Categories to ensure the correct 5-digit NIGP Code is found.
- NIGP Exempt List – This is the current NIGP Exempt List found on the State Purchasing web site that can be used for information only.







## 11. GEORGIA PROCUREMENT REGISTRY (GPR) REVIEW

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The Georgia Procurement Registry Review consists of the following reviews on events posted to the GPR for the **previous 12 months** to detect errors or non-compliant issues. To complete this review, you will need to obtain a clean copy of the following scorecards, which can be found on the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>:

- RFP Scorecard
- RFQ Scorecard
- Sole Source Scorecard
- Consortia Scorecard

You will also need login access to the GPR located at [http://ssl.doas.state.ga.us/PRSapp/PR\\_index.jsp](http://ssl.doas.state.ga.us/PRSapp/PR_index.jsp) and bid files (either paper or electronic). If you do not already have access to the GPR, contact the Procurement Help Desk at [procurementhelp@doas.ga.gov](mailto:procurementhelp@doas.ga.gov).

The first step is to determine how many solicitations of each type your State Entity issued. You do this by running a “Solicitation Listing” report in the GPR. Log in to the GPR at the above link and use the *Instructions for Running a Solicitation Listing* in the next chapter to export the report from the previous 12 months.

For the annual self-audit, name the Solicitation Listing file as Solicitation Listing, your Entity name, and the fiscal year (e.g. Solicitation\_Listing\_DOAS\_FY16.xlsx). Save all changes to this file periodically so you don’t lose your work. You will send this file to the State Purchasing Division.

Select your events for review from those that are governed by the State Purchasing Law and are not exempted by the Official Code of Georgia, or other exemptions, for this review.

- Use the appropriate scorecard for the selected posting event to rate your Entity’s compliance with the Official Code of Georgia, Annotated, and the *Georgia Procurement Manual*. Be sure to complete all fields on all tabs of the scorecards.
- Document how you plan to correct any non-compliant or procedural issues found during this review in the comments section of the scorecard.
- Name and save the scorecard file with the Specific name of solicitation, your Entity name, and fiscal year (e.g. Landscaping\_DOAS\_FY16.xlsx).

## ***SUBMIT THE COMPLETED WORK FOR THE GPR REVIEW***

For the annual self-audit, attach the following documents for submission to the State Purchasing Division:

- A copy of your Solicitation Listing, and
- A copy of each of the completed scorecards.

**Note:** If an Entity has not posted any RFQs, RFPs, or Sole Source notices to the GPR during the review period, note this on the Solicitation Listing.



## 12. INSTRUCTIONS FOR RUNNING A SOLICITATION LISTING

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### *OBJECTIVE*

The Solicitation Listing is a standard report in the Georgia Procurement Registry (GPR) that allows the user to download solicitations from the GPR to an Excel spreadsheet. This data will be used to identify the solicitations your State Entity posted during the period of review. You will select a sample of these solicitations to review using the scorecards described in the next chapter.

### *PRELIMINARY INFORMATION*

If you have any difficulty retrieving these reports or following any of the steps given below, please contact [processimprovement@doas.ga.gov](mailto:processimprovement@doas.ga.gov) for additional assistance. The Process Improvement Team is ready to serve to ensure you successfully obtain all the necessary data from the GPR.

- The screen shots below are from Internet Explorer. If you use any other browser, your screen shots will be slightly different.
- If you use a browser other than Internet Explorer and you do not have the option to save the download file as an Excel spreadsheet (Step #16 below), contact your IT department to determine if there is something in your browser's settings that prevent it or use Internet Explorer.
  - If this does not work, contact Process Improvement at [processimprovement@doas.ga.gov](mailto:processimprovement@doas.ga.gov) for assistance.

### Notes on Report Criteria

To better clarify the required criteria on the Solicitation Listing page, please note that in Step #6, you will be prompted to select a response type based on your solicitation posting system.

- Paper Response - must be chosen for Sole Source and Consortia Notices that were posted directly to the GPR.
- TGM(PS) - must be chosen if the Entity has implemented TGM PeopleSoft for posting RFQs and RFPs.
- eSource(ES) – must be chosen if the Entity uses eSource for posting RFQs and RFPs.

If either “TGM” or “eSource” criteria is selected as the **Type of Response Required**, more than one process type can be chosen when the Shift Key is held down before selecting the options available (RFQs + RFPs). However, Sole Source or Consortia *cannot* be added with other process types. Sole Source and/or Consortia must be selected as the process type when the GPR **Paper Response** criteria is chosen.

It is highly recommended that you first run an RFQ and RFP report with the following criteria:

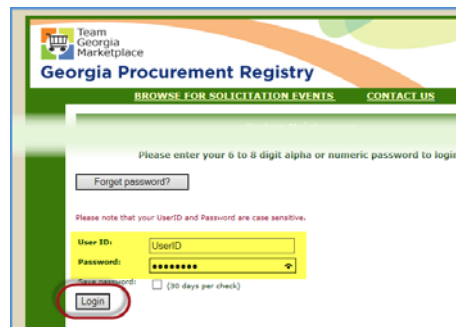
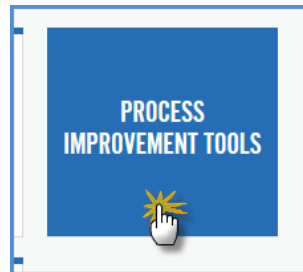
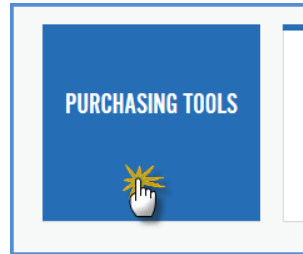
- Select TGM or eSource, depending on which system your Entity uses to post sourcing events.

- Select both RFP and RFQ as the process types.
- Once all the previous steps have been completed, you can export the results to Excel. Rename the tab contained in this Excel file as **RFP + RFQ**. You can now save this file as your Solicitation Listing.

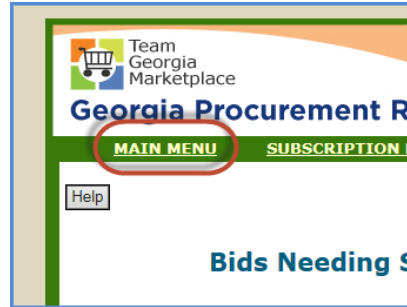
## STEPS TO RUN THE REPORT

NOTE: The screen shots below are from Internet Explorer. If you are using a different browser, some screens might look slightly different.

- **Important Note:** To run this report, you MUST have login access to the GPR. To log in, go to the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing>.
- Scroll to the bottom of the page and click on the **Purchasing Tools** button in the “Areas of Focus”.
- Scroll to the bottom of the page and click on the **Process Improvement Tools** button in the “Areas of Focus”.
- Scroll to the bottom of the screen and click on the **Georgia Procurement Registry Login** button in the “Areas of Focus” at the bottom of the page.
- The GPR login page will display. You can add this page to your Favorites, Bookmarks, etc. Enter your GPR User ID and Password.



- Click on the link to the **Main Menu**.



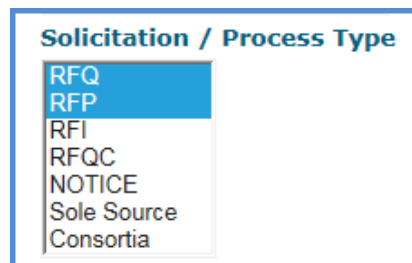
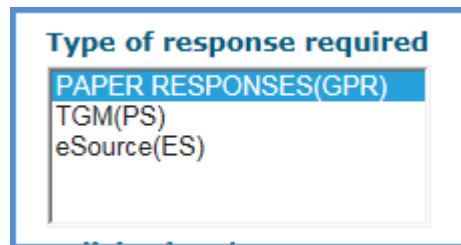
- Scroll midway down the page and locate the **Reports** section. Click on **Reports Menu**.



- Click on the link for the **Solicitation Listing**.



- The **Report Criteria** page will display. Choose one type of response. See Additional Information above for more detail.
- Paper Response (GPR): Select for Sole Source
- TGM (PS): Select for RFP or RFQ
- eSource (ES): Select for RFP or RFQ
- Select the Process Type you want to run.
- To select multiple types (e.g. RFQ and RFP) hold down the Shift key and clicking on each.
- You must run a single report for Sole Source types.



- Use the calendars to select the Event Posting Date Range (“beginning” and “ending” dates for the period you want to review).
- In the Government Type drop-down list, ensure **State Government** is selected.
- Your Entity name will appear below.
- At the bottom of the Solicitation Listing page, you will find Report Type options. Click on the blue **Solicitation Listing Detail Data** option to view the report on screen. You may also export to Excel.

**Event Posting Date Range**

AND

**Government Type**  
STATE GOVERNMENT

**Select Government Entity**  
ABRAHAM BALDWIN AGRICULTURAL COLLEGE  
ADMINISTRATIVE SERVICES AGENCY  
ADMINISTRATIVE SERVICES DIVISION

**Readiness Report Summary**  
Open in HTML / Excel Format

**Readiness Report Detail Data**  
Open in HTML / Excel Format

RETURN TO MENU

- The screen will display the report in grids

Team Georgia Marketplace  
**Georgia Procurement Registry**

**Detail Data Report: GPR postings**  
Posted Date Range : 02/01/2015 & 02/01/2016  
Date generated : 02/09/2016

Agency Name	Agency Code	Issuing Officer	Solicitation Number	Solicitation Title	Solicitation Description	Fiscal Year	Solicitation Process	Solicitation Status
						2016	RFQ	Awarded

The Sealed Bids must be

- Scroll to the bottom of the page and locate the **Export The Results To Excel** button.

Export The Results To Excel

- The screen will display three options (in Internet Explorer – others browsers might differ). Click on the top option, **Open – The file won’t be saved automatically.**

Internet Explorer

What do you want to do with readinessDetailDataReport.xls?

Size: 17.0 KB  
From: ssl.doas.state.ga.us

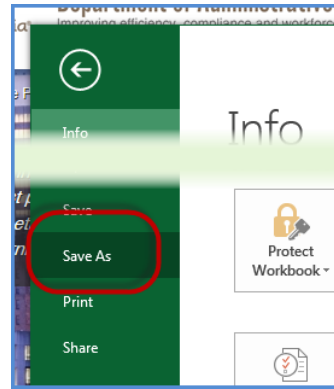
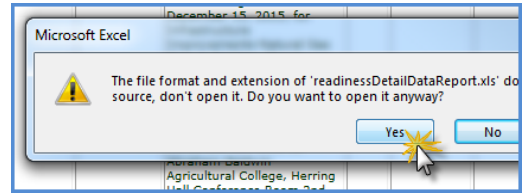
Open  
The file won't be saved automatically.

Save

Save as

Cancel

- The screen will display a warning that the file format and extension of the report don't match. Click **Yes** to open the file anyway.
- The file will open in Excel. Save the file as Solicitation Listing with your Entity name and period of review (e.g. Solicitation\_Listing\_DOAS\_FY2016.xlsx).
- To run additional reports, click on the **Return for New Filter Options** button in the top left-hand corner. This button allows you to return to the Solicitation Listing criteria page to make your selection to run the Sole Source report and export it to Excel. The Sole Source data should then be copied to a new tab in the Solicitation Listing. Label the tab **Sole Source**. This will allow all of your GPR events to be contained in one Excel file and saved as your Solicitation Listing.
- You are now ready to use the Scorecards described in the next chapter to evaluate the compliance of the solicitations.









## 13. USING THE SOLICITATION SCORECARDS

Part of the annual self-audit requirement for all State Entities is a review of solicitations posted during the year to determine compliance with applicable laws and administrative rules. The solicitation scorecards are used to assign a grade based on compliance with factors found in either the Official Code of Georgia, Annotated, and the *Georgia Procurement Manual* (GPM). The APO/CUPO should use these scorecards as part of the self-audit.

There are scorecards for:

- Requests for Proposals (RFP's)
- Requests for Quotes (RFQ's)
- Sole Source Notices
- Consortia

These scorecards are available on the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>. To obtain accurate results, you should always download a new copy of a scorecard. Using a scorecard again could result in incorrect solicitation information or incorrect answers to the questions on the scorecard tab if you did not “clean it up” properly.

### SCORING METHODOLOGY

The score is the total points earned as a percent of total points available. Maximum points for a question are based on the reference for the question. The point structure is explained on the Solicitation Information tab. Anything required by law is worth four points. Anything required by the GPM (administrative rules) is worth two points. If the requirement is something that is taught in training, it is worth one point. Optional procedures do not have point values. If a question is not applicable to a specific solicitation, no points are possible and no points are earned.

The score determines the Rating and Tier. For example, if a solicitation receives a 92%, the solicitation has a rating of Acceptable and is in Tier I.

All questions must be answered in order for the score to calculate. The scoring displays on the Solicitation Information tab.

Explanation of Scoring			
Ranges (Min / Max)		Rating	Tier
>= 95%		Excellent	Tier I
>= 85%	<= 94%	Acceptable	Tier I
>= 75%	<= 84%	Marginal	Tier II
>= 60%	<= 74%	Underperforming	Tier III
	<=59%	Unsatisfactory	Tier IV

## SOLICITATION INFORMATION TAB

This tab contains the basic information about the solicitation (e.g. solicitation number, name). It also contains a section for the scoring of the solicitation based on the answers provided on the scorecard tab.

Enter the information requested in the cells shaded in blue. When you print the workbook, this sheet will serve as a cover sheet, summarizing the basic information and the score earned based on the answers to the questions on the Scorecard tab.

	B	C	D	E
1	<b>RFP Posting – Soli</b>			
2	Enter requested information in blue cells. Unshaded cells are for formulas.			
3	State Entity Code / State Entity Name			
4	Solicitation # / Solicitation Name			
	Awarded Amount / Solicitation			

## SCORECARD TAB

This tab has questions for the user to answer to indicate compliance with various factors of law or GPM requirements.

- Column B – Requirements: displays the questions to be answered.
- Column C – Reference Type: displays the reference type, either law, the GPM, or training.
- Column D – Reference: displays the specific section of the law or GPM where you can go to find more information.
- Column E – Compliance Level: has a drop-down list from which to select your answer.
- Column F – Score: displays the score earned based on your answer.
- Column G – Max Score: displays the maximum points available for the question.
- Column H – Comments: for comments you might need to make during your review to explain why you selected the compliance you did or to make notes on changes or corrections needed.

	A	B	C	D	E	F	G	H	I
1	<b>RFP Posting – Evaluation</b>								
2	Select the appropriate responses from the drop-down list in column E.								
3		<b>Requirements</b>	<b>Reference Type</b>	<b>Reference</b>	<b>Compliance Level</b>	<b>Score</b>	<b>Max Score</b>	<b>Comments</b>	
4	<b>Approvals (Pre-Posting)</b>								
5	1	Was Special Approval to exceed DPA approved by SPD prior to solicitation?	Administrative Rules	GPM 2.5, 8.3			2		
6	2	Was a Statewide Contract Waiver granted prior to solicitation if goods/services were available on a	Administrative Rules	GPM 1.3.1.1	Yes No N/A		2		
7	2a	Was there a copy of the SWC Waiver in the file?	Administrative Rules	GPM 1.3.1.1			2		

For each question in the Requirements column, select the appropriate response in the drop-down box located in each cell in the Compliance Level column. Most questions require a “Yes” or “No” answer. However, some questions might need to be answered with “Needs Improvement”. “Needs Improvement” answers result in the question earning one point less than the maximum points available. For example, if a question is worth four points, a “Needs Improvement” would earn three points instead of four. An example of “Needs Improvement” might be if the specifications are not clear or if not enough NIGP codes were selected. Be sure to make a comment as to why you select “Needs Improvement”.

Questions that deal with factors that might not be applicable to every solicitation have “N/A” as a possible answer. If “N/A” is selected, the points for the question are not included in the maximum number of points available or the points earned.

Once all questions have been answered, the score displays on the Solicitation Information tab. The definition of the Rating and Tier also displays. The basic definitions of all ratings are shown on the table below.

**RESOURCES TAB**

This tab contains links or explanations for some items found in the scorecard. The Scorecard tab also shows the specific Official Code of Georgia, Annotated, or GPM reference.

Question	Resource Materials
3	Examples of External Authorizations: Georgia Technology Authority (GTA) approval, DOAS Fleet Div., Federal Entities, Executive Orders, BOR Security Policy Sign Off (for Universities Only).
4, 5, 27, 31, 36, 38, 48a-c	State entities are required to use current mandatory procurement forms and templates found at: <a href="http://doas.ga.gov/state-purchasing/seven-stages-of-procurement">http://doas.ga.gov/state-purchasing/seven-stages-of-procurement</a>
10, 11	For questions concerning insurance and bonding, refer to the Insurance and Bonding Guidelines (Form SPD SP048) found at: <a href="http://doas.ga.gov/state-purchasing/seven-stages-of-procurement/stage-3-solicitation-preparation">http://doas.ga.gov/state-purchasing/seven-stages-of-procurement/stage-3-solicitation-preparation</a>





## 14. INTERNAL CONTROLS REVIEW

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### OVERVIEW

The aim of any procurement operation is to obtain the right goods or services in a timely manner and at the best price. The State also wants to ensure that all suppliers, both large and small, have an equal opportunity to do business with the State. There must be complete transparency in all aspects of procurement. To accomplish these aims, certain internal controls are needed. These include dollar level signature authorizations, prior and/or post approval processes, and documentation. Roles and responsibilities of all personnel involved in procurement should be clearly defined. Any exceptions or changes to these roles and responsibilities must be fully justified and clearly documented. However, there are some controls that should never have an exception, such as aspects of separation of duties.

The Internal Controls Scorecard (ICQ) is a collection of questions related to important internal controls that every procurement operation should observe. Each question is worth a certain number of points based on the significance of that control. The scorecard also indicates the reason for the control. Once all questions have been answered, the total score and the tier level will display in the header information. The tier level definitions are the same as those for the PO Scorecard and the GPR scorecards (e.g. RFQ Scorecard) discussed elsewhere in this manual.

If this review indicates any areas of weakness, you should work with the procurement staff to develop corrective action plans to strengthen controls in those areas to ensure compliance with laws and regulations as well as safeguarding of the State's assets.

### PROCEDURES

For this part of the review, you will complete a review of your State Entity's internal procurement policies and procedures *or* standard operating procedures. You will need:

- A copy of the most recent version of your Entity's internal procurement policies and procedures *or* standard operating procedures;
- A copy of the most recent version of the *Georgia Procurement Manual*; and
- A clean copy of the *Internal Controls Scorecard* found in the "Compliance" self-audit tools located on the State Purchasing web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>.
- Once the ICQ has been downloaded and saved, complete the State Entity information (light blue shaded cells) requested on the Questionnaire tab.
- Using the *Internal Controls Scorecard*, rate your Entity's internal controls by selecting the appropriate response to the "Requirements" in the "Compliance Level" column. The "Reason for Control" column provides information on why a control is important. Save all changes made to the scorecard periodically so that you don't lose your work. The number

of points earned for each question will display once you select a compliance level for the question.

- Document how you plan to correct any non-compliant or inadequate internal controls found during this review. This can be done in the “Comments” column.
- Name the file: ICQ\_your Entity abbreviation\_fiscal year (e.g. ICQ\_DOAS\_FY17.xlsx).

Once all questions on the ICQ are answered, the form will display the total points earned, the percentage of the maximum points, a tier level, and the definition of that tier.

### ***SUBMIT THE COMPLETED WORK FOR INTERNAL CONTROLS ANALYSIS***

Attach the following documents for submission to the State Purchasing Division:

- A copy of your internal procurement policies and procedures or standard operating procedures (SOP’s), or provide the URL to your Entity’s internal policies and procedures if available on your Entity’s web site; and
- A copy of the completed Internal Controls Questionnaire.



## 15. PAYABLES REVIEW

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### OVERVIEW

The purpose of the Payables Review is to determine if the Entity has three-way match controls in place according to best practices for the State of Georgia. In other words, you should receive the items you ordered at the correct price and the invoice amount should match the purchase order amount.

The Payables Review Program allows procurement professionals and internal auditors to determine the following:

- The Entity maintains adequate three-way match documentation;
- Purchase orders are issued before invoice/payable date;
- Quantities and prices of items listed on purchase orders match receiving documents and invoices;
- Correct amounts are paid on invoices; and
- Discounts are taken when applicable.



### CHECKLIST

The Payables Review Checklist is available on the State Purchasing Division web site under Procurement Tools/Process Improvement Tools. It consists of a short checklist of points to review when comparing purchase orders, receiving documents, and invoices. As part of your annual self-audit, you should perform this checklist on the sample of purchase orders used for the purchase type review.

- Was proper three-way match documentation in file?
- Did the file contain a copy of the purchase order?
- Did the file contain a copy of receiving documentation?
- Did the file contain a copy of the invoice?
- Are payments processed within 30 days after receipt of correct invoice and receipt of item(s)?
- Was payment issued prior to purchase order date?
- Was payment issued prior to invoice date?

- Did quantities and prices of items listed on purchase orders match receiving documents and invoices?
- Was payment made for the amount reflected on the invoices?
- Was payment made according to agreed-upon terms?
- Were applicable discounts taken when invoices were paid?





## 16. SELF-AUDIT REPORT CARD

The self-audit Report Card can be used only if the Random Sample and Criteria-Based Scorecards are used for the PO Review. The Report Card displays the results of each area as well as the overall results of the self-audit. This form is available on the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>. This file serves as a cover sheet and must be included in the files sent to the State Purchasing Division.

### COMPLETING THE REPORT CARD

- Enter the State Entity Name at the top of the form.
- Enter the APO/CUPO name.
- Select the Financial System Used from the drop-down list.
- Enter the results of the individual review areas in the light-green shaded fields. These areas are:
  - PO Review – Final compliance rating as shown on the PO Scorecard
  - Internal Controls Questionnaire – Percentage score shown on the ICQ form
  - Ratings for each solicitation type. If more than one of a type was reviewed, enter the average score; if only one of a type was reviewed, enter that score.
- The remainder of the Report Card will calculate.

Enter State Entity Name Here Self-Audit Report Card				
APO/CUPO & Title		Enter APO/CUPO Name Here		
Financial System Used		Select Financial System in Use		
Overall Rating				
Review Category	Weight	Weighted Score		
Random Sample PO Review	60.00%	0.00%		
Criteria-Based Sample Review	20.00%	0.00%		
Internal Controls Questionnaire	20.00%	0.00%		
Average RFQ Rating				
Average RFP Rating				
Average Sole Source Rating				
Average Other Rating				
Overall Solicitation Rating	No Postings	0.00%		
Overall Self-Audit Rating		100.00%	0.00%	
Rating Definition				

### OVERALL RATING

The Report Card provides an overall rating, similar to the scoring used for Process Improvement audits, based on the individual and composite scores as entered on the report card. The Report Card will also display a definition of the rating or tier level. A complete list of the possible tiers and the definitions is in Appendix A of this manual.





## 17. DEVELOPING EFFECTIVE CORRECTIVE ACTION PLANS

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### *WHAT IS A CORRECTIVE ACTION PLAN?*

Reviews of any kind, either formal or informal, occasionally reveal problems or areas of deficiency in procurement operations. These problems can be related to incorrect, inaccurate, or incomplete data or inadequate, inefficient internal processes. Some issues are symptoms of minor, easily correctable, problems – lack of training, lack of awareness of correct procedures, understaffing – while some point to more serious issues, such as fraud or theft. Some problems could have legal ramifications. Some problems can have significant financial implications for a State Entity or the State of Georgia as a whole.

A Corrective Action Plan (CAP) is a written list of steps or actions to take to correct a problem or make an improvement in a deficient area. Corrective Action Plans provide a step-by-step map of how you are going to solve your problem or effect beneficial changes.

Some CAP's might be a simple one-step process, such as "Enroll staff in Developing Specifications class". Others might be more complicated and take several weeks or months to accomplish. Regardless of the complexity of the issues or proposed solutions, all CAP's have certain aspects in common. A good corrective action plan is always written, as opposed to verbal, and answers the who, what, where, when, why, and how of implementing improvements.

- **WHAT** caused the issue or problem and **WHY** did something happen, or not happen?
- **WHERE** is the problem or **WHERE** does the improvement need to take place?
- **WHAT** needs to be done, or not done, and **WHAT** additional resources do you need to correct the issue?
- **WHAT** do you want the future to look like?
- **HOW** will the issue be corrected or improvement made?
- **WHEN** will each step or milestone be completed?
- **WHO** will accomplish specific milestones (individuals or committees)?
- **HOW** are you are progressing toward your goal?

Once all steps have been completed, conduct another review of the deficient area to ensure that all goals have been met and that the improvement you wanted has been accomplished. Use your Corrective Action Plan as a checklist.

### *CRITERIA FOR A GOOD CORRECTIVE ACTION PLAN*

There's a difference between a reason for something happening or not happening, and an excuse. A good CAP does not include excuses for an issue or a problem, only legitimate explanations of why (the reason) something occurred, or didn't. It is much easier to make an improvement in a current situation if you know what caused the current situation. A CAP is meant to be a positive document, pointing to a successful resolution of a problem.

Corrective Action Plans should be:

- ... **complete**. The written plan should include clear, well-thought out steps to accomplish a goal or a change you want to make and who will accomplish those steps. In other words, answer each of the questions above in your plan.
- ... **clear**. Everyone involved should understand their roles and responsibilities and how they individually and corporately affect the outcome of the project.
- ... **relevant** to the issue or improvement needed. Everyone should understand the issue, how it came about, and how their job duties are related to the project.

### ***CORRECTIVE ACTION PLAN TEMPLATE***

The Process Improvement Team reports include write-ups that are designed to explain how something should be done and why (i.e. the legal or policy requirements) and how the activity did not meet those standards. The reports also include recommendations for improvement as well as an explanation of what could go wrong (e.g. financial loss or solicitation protest) if the area is not corrected.

The Process Improvement Team has developed a template based on the structure of these writes-ups to guide management to develop and implement Corrective Action Plans for the issue. You can download this template from the Process Improvement Tools on the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>.

The State Accounting Office also has a procedure on its web site with recommendations for good action plans. This is the format that the Georgia Department of Audits and Accounts uses. You can access that procedure at [http://sao.georgia.gov/sites/sao.georgia.gov/files/imported/vgn/images/portal/cit\\_1210/39/30/147022559Directive%20-%20Audit%20CAP%20071009%20\(2\).pdf](http://sao.georgia.gov/sites/sao.georgia.gov/files/imported/vgn/images/portal/cit_1210/39/30/147022559Directive%20-%20Audit%20CAP%20071009%20(2).pdf).



## APPENDICES

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## APPENDIX A – TIER/RATING DEFINITIONS

<p><b>1 – Excellent</b>  <b>&gt;=95%</b>  <b>Tier I</b></p>	<p>A State Entity’s performance in this category reflects strong compliance with all applicable laws and administrative rules. No significant weaknesses were identified. Staff appears to be well-trained and are following both State and internal policies and procedures. Any violations are minor and are easily corrected. Risk of financial loss and/or accusations of improper procurement practices is very minimal and is not a concern at this time.</p>
<p><b>2 – Acceptable</b>  <b>&gt;= 85% to &lt;=94%</b>  <b>Tier I</b></p>	<p>A State Entity’s performance in this category reflects compliance within acceptable parameters. Adherence to training and policies appears to be adequate. Any violations of laws and administrative rules are minor and are easily correctable. Additional coaching for buyers indicated on the solicitations or purchase orders is recommended. Risk of financial loss and/or accusations of improper procurement practices is minimal and should not be a concern at this time. However, additional training will reduce the risk.</p>
<p><b>3 – Marginal</b>  <b>&gt;= 75% to &lt;= 84%</b>  <b>Tier II</b></p>	<p>A State Entity’s performance is less than satisfactory and indicates some lack of compliance with established laws and/or administrative rules that govern the purchase order and solicitation processes. Increased attention is needed to training and auditing the work of the individual buyers. Risk of financial loss and/or accusations of improper procurement practices exists but is minimal depending on the actual procurement area.</p>
<p><b>4 – Underperforming</b>  <b>&gt;= 60% to &lt;= 74%</b>  <b>Tier III</b></p>	<p>A State Entity’s performance shows significant non-compliance in the procurement area receiving this rating. Procurement personnel demonstrate a significant need for additional training and require close supervision to complete procurements according to Georgia law and administrative rules. The State Entity is at a moderate risk of financial loss and/or accusations of improper procurement practices. Issues need timely attention to implement corrective measures.</p>
<p><b>5 – Unsatisfactory</b>  <b>&lt;= 59%</b>  <b>Tier IV</b></p>	<p>A State Entity’s procurement personnel require strong supervisory attention and monitoring of purchase orders and solicitations. Activities demonstrate either lack of adequate training or disregard for State procurement laws and administrative rules. This places the State Entity at significant risk of financial loss and/or accusations of improper procurement practices. Issues need immediate attention to implement corrective measures.</p>

## ***APPENDIX B – PO REVIEW CHECKLIST***

The purpose of the Purchase Order Review is to determine if procurement staff are processing purchases according to the Purchasing Act (Section 50-5 of the Official Code of Georgia, Annotated [O.C.G.A.]), the Georgia Procurement Manual (GPM), and applicable best practices.

The Purchase Order Review includes four (4) types of reviews:

- Purchase Type Review
- NIGP Code Review
- Split Purchase Review
- \$25K Bid Review\*

For each type of review listed above, a series of questions is provided for procurement professionals to determine if compliance is met and performance levels are adequate. Internal auditors can select those questions pertaining to their audit scope.

*\* For Buyers: The purchasing authority as designated by your APO/CUPO.*

Using the corresponding checklist below, determine if correct Purchase Type Codes were applied for each of the purchase orders reflected in the PO Workbook.

The PO Workbook contains one tab for each purchase type. When preparing the workbook, ensure that only purchase orders with the code reflected in the tab name are on that spreadsheet (e.g. the “OMP” tab will contain only Open Market purchase orders). In the comment section of the purchase order workbook, document any errors revealed during the review.

### **Purchase Type Review**

The PO Workbook contains one tab for each purchase type. Refer to “Desktop Audit Requirements”, available on the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>, for information on downloading purchase order data from PeopleSoft and creating the PO Workbook.

When preparing the workbook, ensure that only purchase orders with the code reflected in the tab name are on that spreadsheet (e.g. the “OMP” tab will contain only Open Market purchase orders). In the comment section of the purchase order workbook, document any errors revealed during the review.

Using the corresponding checklist questions below, determine if correct Purchase Type Codes were applied for each of the purchase orders that are sampled in the PO Workbook.

### ***NOTE:***

Each purchase order sampled will be reviewed for compliance. Points are awarded for compliance based on the questions listed and if there are no issues, a total of 20-25 points will be awarded per purchase order, depending on which checklist items are applicable to the Purchase Type Code. Points are subtracted for each question when non-compliance is found.

(Please see the NIGP Review section of this checklist for guidance on that review.)



## Tier One

Statewide Contract Mandatory (SWCM)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>Were the goods/services purchased available on a Mandatory Statewide Contract found in Window Shopper? (Window Shopper can be accessed at: <a href="https://solutions.sciquest.com/apps/Router/Login?OrgName=Georgia">https://solutions.sciquest.com/apps/Router/Login?OrgName=Georgia</a> to verify.)</li> <li>Was the correct contract number used?</li> </ul>	15
3. Did the purchase order description clearly identify the goods/services purchased?	4
4. Is the correct NIGP Code selected for “non-catalog” items?	3
Total Points	25

\*If an incorrect NIGP code is noted on an SWCM in Window Shopper, please notify [Process.Improvement@doas.ga.gov](mailto:Process.Improvement@doas.ga.gov)

## Tier Two

Agency Contract (AC) - State Entity Contract	Points
1. Is the purchase type (Purchase Type Code) correct?	3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>Were the goods/services purchased available on a Mandatory Statewide Contract (SWCM) found in Window Shopper? (Window Shopper can be accessed at: <a href="https://solutions.sciquest.com/apps/Router/Login?OrgName=Georgia">https://solutions.sciquest.com/apps/Router/Login?OrgName=Georgia</a> to verify.)</li> <li>If yes, was a Statewide Contract Waiver Request (SPD-NI005) form submitted to State Purchasing Division at: <a href="mailto:ProcessImprovement@doas.ga.gov">ProcessImprovement@doas.ga.gov</a> as required?</li> <li>If yes, did State Purchasing approve the waiver request?</li> <li>If yes, was the purchase within the time period allowed on the waiver request?</li> <li>If yes, was the purchase amount within the set amount allowed on the waiver request?</li> <li>Were the goods/services purchased on an existing State Entity Contract (AC)? If no, skip to Tier Three (3)</li> <li>If yes, was the correct contract number used?</li> <li>If yes, was the contract in effect at the time of purchase? (i.e. not expired and renewed as appropriate)</li> </ul>	15
3. Did the purchase order description clearly identify the goods/services purchased?	5
4. Is the correct NIGP Code selected?	2

Agency Contract (AC) - State Entity Contract	Points
Total Points	25

### Tier Three

Statutory Mandatory Sources of Supply (MAN)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>• Were the goods/services purchased available on an existing State Entity Contract (AC)?</li> <li>• Were the goods purchased listed as Mandatory (MAN) on the State Use Procurement List? This list is located at: <a href="http://doas.ga.gov/StateLocal/SPD/Contracts/Pages/Home.aspx">http://doas.ga.gov/StateLocal/SPD/Contracts/Pages/Home.aspx</a>.</li> <li>• Were the goods/services purchased from the State Use Procurement List, mentioned above, shown as “Preferred” (PRF) products?</li> </ul>	15
3. Did the purchase order description clearly identify the goods purchased?	5
4. Is the correct NIGP Code assigned as shown in Window Shopper for the item(s)?*	2
Total Points	25

\*If an incorrect NIGP code is noted on a MAN item in Window Shopper, please notify [Process.Improvement@doas.ga.gov](mailto:Process.Improvement@doas.ga.gov)

### Tier Four

Statewide Contract Convenience (SWCC)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>• Were the goods/services purchased available on an existing State Entity Contract (AC)?</li> <li>• Were the goods/services purchased available on the Convenience Contract (SWCC)?</li> </ul>	15
3. Did the purchase order description clearly identify the goods/services purchased?	5
4. Is the correct NIGP Code selected for “non-catalog” items?	2
Total Points	25

\*If an incorrect NIGP code is noted on an SWCC in Window Shopper, please notify [Process.Improvement@doas.ga.gov](mailto:Process.Improvement@doas.ga.gov)

Preferred (PRF)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>• Were the goods purchased available on a Mandatory Statewide Contract (SWCM) found in Window Shopper? (Window Shopper can be accessed at: <a href="https://solutions.sciquest.com/apps/Router/Login?OrgName=Georgia">https://solutions.sciquest.com/apps/Router/Login?OrgName=Georgia</a> to verify.)</li> <li>• If yes, was a Statewide Contract Waiver Request (SPD-NI005) form submitted to State Purchasing Division at: <a href="mailto:ProcessImprovement@doas.ga.gov">ProcessImprovement@doas.ga.gov</a> as required?</li> <li>• If yes, did State Purchasing approve the waiver request?</li> <li>• If yes, was the purchase within the time period allowed on the waiver request?</li> <li>• If yes, was the purchase amount within the set amount allowed on the waiver request?</li> <li>• Were the goods purchased available on an existing State Entity Contract (AC)?</li> <li>• Were the goods available at a preferred price by GEPS?</li> </ul>	15
3. Does the purchase order description clearly identify the goods purchased?	5
4. Is the NIGP Code correct as shown in Window Shopper for the item(s)?*	2
Total Points	25

\*If an incorrect NIGP code is noted on a PRF item in Window Shopper, please notify [Process.Improvement@doas.ga.gov](mailto:Process.Improvement@doas.ga.gov)

State Entity Contract Piggyback (ACP)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>• Were the goods/services purchased available on a Mandatory Statewide Contract (SWCM) found in Window Shopper? (Window Shopper can be accessed at: <a href="https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia">https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia</a> to verify.)</li> <li>• If yes, was a Statewide Contract Waiver Request (SPD-NI005) form submitted to State Purchasing Division at: <a href="mailto:ProcessImprovement@doas.ga.gov">ProcessImprovement@doas.ga.gov</a> as required?</li> <li>• If yes, did State Purchasing approve the waiver request?</li> <li>• If yes, was the purchase within the time period allowed on the waiver request?</li> <li>• If yes, was the purchase amount within the set amount allowed on the waiver request?</li> <li>• Were the goods/services purchased available on an existing State Entity Contract (AC)?</li> <li>• Were the goods purchased listed as Mandatory (MAN) on the State Use Procurement List? This list is located at: <a href="http://doas.ga.gov/state-purchasing/order-of-precedence/tier-three-mandatory-statutory-sources">http://doas.ga.gov/state-purchasing/order-of-precedence/tier-three-mandatory-statutory-sources</a></li> <li>• Was SPD-NI006 (Piggyback Request) form completed and submitted by APO/CUPO for approval to the State Purchasing Division at: <a href="mailto:ProcessImprovement@doas.ga.gov">ProcessImprovement@doas.ga.gov</a>?</li> <li>• Was approval granted from State Purchasing to use another State Entity's contract?</li> <li>• Did the PO include only goods/services included in the contract?</li> <li>• Did the purchase(s) stay within the approved amount per request?</li> <li>• Did the total spend exceed the total contracted amount?</li> </ul>	15
3. Did the purchase order description clearly identify the goods/services purchased?	5
4. Is the correct NIGP Code selected from the contract?	2
Total Points	25

State Entity Cooperative/Consortia Purchase (ACC)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
<p>2. Determine if the correct process was followed:</p> <ul style="list-style-type: none"> <li>• Were the goods/services purchased available on a Mandatory Statewide Contract (SWCM) found in Window Shopper? (Window Shopper can be accessed at: <a href="http://doas.ga.gov/TGM/Pages/WindowShopper.aspx">http://doas.ga.gov/TGM/Pages/WindowShopper.aspx</a> to verify.)</li> <li>• If yes, was a Statewide Contract Waiver Request (SPD-NI005) form submitted to State Purchasing Division at: <a href="mailto:ProcessImprovement@doas.ga.gov">ProcessImprovement@doas.ga.gov</a> as required?</li> <li>• If yes, did State Purchasing approve the waiver request?</li> <li>• If yes, was the purchase within the time period allowed on the waiver request?</li> <li>• If yes, was the purchase amount within the set amount allowed on the waiver request?</li> <li>• Were the goods/services purchased available on an existing State Entity Contract (AC)?</li> <li>• Were the goods purchased listed as Mandatory (MAN) on the State Use Procurement List? This list is located at: <a href="http://doas.ga.gov/state-purchasing/order-of-precedence/tier-three-mandatory-statutory-sources">http://doas.ga.gov/state-purchasing/order-of-precedence/tier-three-mandatory-statutory-sources</a> Was a Sole Source (SS) notice posted to the GPR before the purchase was made?</li> <li>• Did the Sole Source posting include: (see reference in GPM Sections 1.3.4.4. and 2.3.2.2., Table 2.6 Conducting a Sole-Source Purchase)</li> <li>• Detailed description of the goods/services to be purchased?</li> <li>• The exact quantity?</li> <li>• The per unit price, and the total price (i.e. Quantity x unit price)?</li> <li>• If the exact quantity was not known and the State Entity was establishing an open contract was the estimated quantity, the per unit price, and the total estimated value of the open contract (i.e. Estimated quantity x unit price) detailed?</li> <li>• The expected term of the contract, to include any renewal options?</li> <li>• The idEntity of the sole-source supplier?</li> <li>• The completed Sole-Source Intent to Award Justification form (SPD-PS020)?</li> <li>• Instructions to interested suppliers to file any challenges to the sole-source determination in accordance with SPD's established process for resolving protests?</li> </ul>	15
3. Did the purchase order description clearly identify the goods/services purchased?	5
4. Is the correct NIGP Code selected?	2
Total Points	25

Open Market Purchase (OMP)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>• Were the goods/services purchased available on a Mandatory Statewide Contract (SWCM) found in Window Shopper? (Window Shopper can be accessed at: <a href="https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia">https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia</a> to verify.)</li> <li>• If yes, was a Statewide Contract Waiver Request (SPD-NI005) form submitted to State Purchasing Division at: <a href="mailto:ProcessImprovement@doas.ga.gov">ProcessImprovement@doas.ga.gov</a> as required?</li> <li>• If yes, did State Purchasing approve the waiver request?</li> <li>• If yes, was the purchase within the time period allowed on the waiver request?</li> <li>• If yes, was the purchase amount within the set amount allowed on the waiver request?</li> <li>• Were the goods/services purchased available on an existing State Entity Contract?</li> <li>• Were the goods purchased listed as Mandatory (MAN) on the State Use Procurement List? This list is located at: <a href="http://doas.ga.gov/state-purchasing/order-of-precedence/tier-three-mandatory-statutory-sources">http://doas.ga.gov/state-purchasing/order-of-precedence/tier-three-mandatory-statutory-sources</a></li> <li>• If the purchase was = or &gt;\$25,000.00, was it competitively bid on the GPR?</li> <li>• If yes, is the correct RFX number indicated on the PO?</li> <li>• If yes, did the total spend on the purchase order exceed the total award amount?</li> </ul>	15
3. Did the purchase order description clearly identify the goods/services purchased?	5
4. Is the correct NIGP Code selected?	2
Total Points	20

## Other Purchase Order Types

Multiple Purchase Order Types (MUL)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
<ul style="list-style-type: none"> <li>• Determine if the correct process was followed:</li> <li>• Was the PO issued to a single supplier using a combination of purchase types (examples below):</li> <li>• OMP (less than \$25,000) and SWCM?</li> <li>• OMP (less than \$25,000) and SWCC?</li> <li>• OMP (less than \$25,000) and AC (less than \$25,000) and MAN?</li> <li>• PRF (GEPS preferred) and MAN (GEPS mandatory)?</li> <li>• MAN (GCI certified) and IGA (GCI non-certified)?</li> <li>• SWCC and SWCM?</li> <li>• If the goods/services on the purchase order were listed on a Mandatory Statewide Contract (SWCM) found in Window Shopper, and the purchase was not made against the SWCM, was a Statewide Contract Waiver Request (SPD-NI005) form submitted to State Purchasing Division at: <a href="mailto:ProcessImprovement@doas.ga.gov">ProcessImprovement@doas.ga.gov</a> as required? (Window Shopper can be accessed at: <a href="https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia">https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia</a> to verify.)</li> <li>• If yes, did State Purchasing approve the waiver request?</li> <li>• If yes, was the purchase within the time period allowed on the waiver request?</li> <li>• If yes, was the purchase amount within the set amount allowed on the waiver request?</li> <li>• Were the goods/services purchased available on a current State Entity Contract (AC)?</li> <li>• Were the goods/services purchased on the State Use Procurement List located at: <a href="http://doas.ga.gov/state-purchasing/order-of-precedence/tier-three-mandatory-statutory-sources">http://doas.ga.gov/state-purchasing/order-of-precedence/tier-three-mandatory-statutory-sources</a> ?</li> <li>• Were the goods/services purchased available on a current Convenience Statewide Contract (SWCC) found in Window Shopper? (Window Shopper can be accessed at: <a href="https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia">https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia</a> to verify.)</li> <li>• If Open Market purchases were combined with Statewide/State Entity Contract purchases, did the OMP purchase order lines total or exceed \$25,000?</li> </ul>	15
2. Did the purchase order description clearly identify the goods/services purchased?	5
3. Is the correct NIGP Code selected?	2
Total Points	25

\*If an incorrect NIGP code is noted on an SWCM, an SWCC, a MAN, or a PRF item in Window Shopper, please notify [Process.Improvement@doas.ga.gov](mailto:Process.Improvement@doas.ga.gov)

Exempt (EXM)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>• Was the purchase exempt per the GPM, Section 1.2.or per the NIGP Exempt List? (Exempt list is located at: <a href="http://doas.ga.gov/StateLocal/SPD/Docs_SPD_General/NIGPExemptList.pdf">http://doas.ga.gov/StateLocal/SPD/Docs_SPD_General/NIGPExemptList.pdf</a>)</li> </ul>	15
3. Did the purchase order description clearly identify the goods/services purchased?	5
4. Is the correct NIGP Code selected?	2
Total Points	20

Intergovernmental (IGA)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>• Was/were the goods/services available for purchase from a governmental source (e.g. State Entity, State Authority, City, County, School, BOR, etc.)?</li> </ul>	15
3. Did the purchase order description clearly identify the goods/services purchased?	5
4. Is the correct NIGP Code selected?	2
Total Points	25



Emergency (EMER)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>• Was the purchase a true emergency purchase? (Urgently needed goods/services arising from unforeseen causes, including, but not limited to, extreme weather conditions or official declared emergencies, O.C.G.A. Section 50-5-71)</li> <li>• Was the Emergency Justification form (SPD-NI004) completed and attached to the PO (TGM users) or submitted to the State Purchasing Division (<a href="mailto:process.improvement@doas.ga.gov">process.improvement@doas.ga.gov</a>) within five (5) business days of the purchase (Non TGM users)?</li> <li>• For non-TGM users, did the Entity submit supporting purchase documentation (Purchase Order or P-Card receipt) to the State Purchasing Division (<a href="mailto:process.improvement@doas.ga.gov">process.improvement@doas.ga.gov</a>) once the purchase of goods/services was completed?</li> <li>• Was the reason noted on the justification resulting from poor planning?</li> <li>• Was an expiration date or term limit assigned by the State Entity on the Emergency documentation?</li> <li>• If yes, was it reasonable or should it have been bid?</li> <li>• For non-TGM users, was SPD notified of any change orders applied to the purchase documentation?</li> </ul>	15
3. Did the purchase order description clearly identify the goods/services purchased?	5
4. Is the correct NIGP Code selected?	2
<b>Total Points</b>	<b>25</b>

Sole Source (SS)	Points
1. Is the purchase type (Purchase Type Code) correct?	3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>• Were the goods/services purchased available on a Mandatory Statewide Contract (SWCM) found in Window Shopper? (Window Shopper can be accessed at: <a href="https://solutions.sciquest.com/apps/Router/Login?OrgName=Georgia">https://solutions.sciquest.com/apps/Router/Login?OrgName=Georgia</a> to verify.)</li> <li>• If yes, was a Statewide Contract Waiver Request (SPD-NI005) form submitted to State Purchasing Division at: <a href="mailto:ProcessImprovement@doas.ga.gov">ProcessImprovement@doas.ga.gov</a> as required?</li> <li>• If yes, did State Purchasing approve the waiver request?</li> <li>• If yes, was the purchase within the time period allowed on the waiver request?</li> <li>• If yes, was the purchase amount within the set amount allowed on the waiver request?</li> <li>• Were the goods/services purchased available on an existing State Entity Contract (AC)?</li> </ul>	15

Sole Source (SS)	Points
<ul style="list-style-type: none"> <li>• Were the goods purchased listed as Mandatory (MAN) on the State Use Procurement List? This list is located at: <a href="http://doas.ga.gov/state-purchasing/order-of-precedence/tier-three-mandatory-statutory-sources">http://doas.ga.gov/state-purchasing/order-of-precedence/tier-three-mandatory-statutory-sources</a></li> <li>• Was there evidence of thorough market research to include documentation of appropriate justification? (Sole Source procurement is to be used as a last justifiable option and not as an attempt to contract with a favored Supplier.)</li> <li>• Was the Sole Source (SS) notice posted on the GPR before the purchase was made?</li> <li>• Was the completed Sole-Source Intent to Award Justification form (SPD-PS020) posted with the Sole Source notice?</li> <li>• Did the Sole Source notice justification include the following information: (see GPM Sections 1.3.4.4. and 2.3.2.2., Table 2.6 Conducting a Sole-Source Purchase)</li> <li>• Detailed description of the goods/services to be purchased?</li> <li>• The exact quantity?</li> <li>• The per unit price, and the total price (i.e. Quantity x unit price)?</li> <li>• If the exact quantity is not known because the State Entity seeks to establish an open contract without seeking bids/proposals (e.g. Using sources of supply established by other states, consortia, or cooperatives), was the estimated quantity, the per unit price, and the total estimated value of the open contract (i.e. Estimated quantity x unit price) included?</li> <li>• The expected term of the contract, to include any renewal options?</li> <li>• The idEntity of the sole-source supplier?</li> <li>• Were instructions to interested suppliers on how to file any challenges to the sole-source included in the posting to the GPR? (GPM Section 2.3.2.2., Table 2.6, and Table 2.7)</li> <li>• Was the Sole-Source Notice posted to the GPR for the correct posting time as listed in the GPM (GPM section 2.3.2.2. and Table 2.6)?</li> <li>• If an NIGP review is not currently being performed, was/were the correct NIGP Code(s) chosen from the contract? (5 digit, not ending in "00")</li> <li>• Was the purchase order executed within the period identified on the contract, if applicable?</li> <li>• Did the purchase order exceed contract amount or contract term?</li> </ul>	
3. Did the purchase order description clearly identify the goods/services purchased?	5
4. Is the correct NIGP Code selected?	2
Total Points	20

<b>Sole Brand (SB)</b>		<b>Points</b>
1. Is the purchase type (Purchase Type Code) correct?		3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>Were the goods/services purchased available on a Mandatory Statewide Contract (SWCM) found in Window Shopper? (Window Shopper can be accessed at: <a href="https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia">https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia</a> to verify.)</li> <li>Was the purchase order totaling \$25,000 or above competitively bid?</li> <li>If yes, was a completed and signed Sole Brand justification form (SPD-PS019) posted to GPR?</li> <li>Were purchases executed within the period identified in the contract?</li> <li>Did the purchase order exceed contract amount or contract term?</li> </ul>	15	
3. Did the purchase order description clearly identify the goods/services purchased?		5
4. Is the correct NIGP Code selected?		2
Total Points		25

<b>Construction Contracts (CSN)</b>		<b>Points</b>
NOTE: If Construction is exempt for your State Entity, disregard this section in your review.		
1. Is the purchase type (Purchase Type Code) correct?		3
2. Determine if the correct process was followed: <ul style="list-style-type: none"> <li>Were the goods/services purchased available on a Mandatory Statewide Contract (SWCM) found in Window Shopper? (Window Shopper can be accessed at: <a href="https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia">https://solutions.scquest.com/apps/Router/Login?OrgName=Georgia</a> to verify.)</li> </ul>	15	
3. Did the purchase order description clearly identify the goods/services purchased?		5
4. Is the correct NIGP Code selected?		2
Total Points		25

### NIGP Code Review

Below is a list of things that should be validated during the review of NIGP Codes to ensure that buyers are coding purchase orders with the correct NIGP Code. The NIGP Summary Tool will assist in determining if the correct NIGP Code has been used. The tool can be found at: <http://doas.ga.gov/state-purchasing/purchasing-tools>. Each PO line should be reviewed to verify correct NIGP Code(s) were used.

NIGP Code Review*		Y	N
1.	Did the Purchase Order line have a clearly defined and adequate description?		
2.	Did the description used for line item match the description reflected in the NIGP Code?		
3.	Was the NIGP Code used at the five (5) digit level and not the three (3) digit category level (not ending in "00")?		
4.	If the line item of the Purchase Order was for services, did the NIGP Code begin with the number nine (9)?		
5.	Were goods, services and shipping separated per line item so that accurate NIGP code(s) were assigned to each type of purchase? (Please note: inventoried equipment MUST be identified per line item)		

\*If an incorrect NIGP code is noted on an SWCM, SWCC, MAN, or PRF in Window Shopper, please notify [Process.Improvement@doas.ga.gov](mailto:Process.Improvement@doas.ga.gov)

### Split Purchase Review

The purchase orders to analyze for the Split Purchase Review are those coded as OMP. Using the list below, the reviewer should be able to determine if split purchases occurred to circumvent bid requirements. If large amounts are being spent on a particular good/service under the Open Market Purchase Type, the Entity may need to create a State Entity Contract for this particular good/service.

Split Purchase Review		Y	N
1.	Were there any purchases to the same supplier with a combined total of \$25,000 or more processed within a limited time frame (i.e. two days, one week)?	10	
2.	Were there any purchases for a particular good/service (by NIGP code) with a combined total \$25,000 or above processed within a limited time frame? (i.e. 2 days, 1 week, etc.)	5	
3.	Were foreseeable purchases split into two or more transactions to circumvent the competitive bidding requirement?	5	

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### **\$25K Bid Review**

Open Market Purchases of \$25,000 or more must be competitively bid. It is the responsibility of each State Entity to monitor its purchases to ensure that purchases totaling \$25,000 or more were competitively bid.

Using the purchase information on the OMP tab, analyze all purchases over the \$25,000 bid threshold to ensure the State Entity followed the minimum bid policy, and conducted the bid correctly. This review will require researching the GPR to determine if bids were properly posted.

<b>\$25K Bid Review</b>	<b>Y</b>	<b>N</b>
1. Was the purchase order totaling \$25,000 or above posted to the GPR?		





## APPENDIX C – COMPLIANCE SELF-AUDIT RESOURCES

Tool	Description
Available at:	<a href="http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools">http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools</a>
Checklists	<p>Used by Buyers, APO/CUPO, Internal Auditors to review all data or a sample of data.</p> <p>Comprehensive lists of questions to assist in conducting reviews:</p> <ul style="list-style-type: none"> <li>• Purchase Order Review Checklist</li> <li>• Payables Review Checklist</li> <li>• Internal Controls Checklist</li> </ul>
How to Run a Solicitation Listing	<p>Explains how to export an Excel spreadsheet from the Georgia Procurement Registry listing all of your solicitations. Previously called “Readiness Report”, now known as “Solicitation Listing”.</p>
NIGP Summary Tool	<p>Two resources:</p> <ul style="list-style-type: none"> <li>• Instructions for NIGP Summary Tool: Comprehensive instructions for using the NIGP Summary Tool (Excel) to determine if NIGP codes and Purchase Order Types are accurate.</li> <li>• NIGP Summary Tool: Excel spreadsheet to receive the purchase order data downloaded using the 19D query (SAO and PeopleSoft) – See <b>Desktop Audit Requirements</b> for instructions on downloading this data.</li> </ul>
Scorecards	<p>Used by Buyers, APO/CUPO, and Internal Auditors to evaluate compliance of key procurement activities and assign a score:</p> <p>Series of questions to detect errors based on specific criteria:</p> <ul style="list-style-type: none"> <li>• Requests for Quotes</li> <li>• Requests for Proposals</li> <li>• Sole Source Notices</li> <li>• Consortia Notices</li> </ul>

Tool	Description
<b>Self-Audit and Spend Analysis Instructions</b>	Comprehensive set of instructions for conducting and submitting the annual spend analysis as required by the <i>Georgia Procurement Manual</i> .





## ***APPENDIX D – FREQUENTLY DETECTED ERRORS***

The greatest improvements can be made by an Entity when errors/issues are found and *immediately* corrected. State Purchasing’s Process Improvement team constantly monitors statewide purchasing card transactions, purchase orders, and solicitations for compliance and have found several reoccurring problems. To help Entities reduce their compliance risks, the team would like to bring attention to the most frequent issues being detected:

### **Not Using Statewide Contracts When Using the Purchasing Card**

A number of transactions have shown that cardholders are not buying items on statewide contracts. Use of the purchasing card does not eliminate the need to buy from statewide contracts. Whether a purchase is reflected on a purchase order or a purchasing card transaction, use of the Order of Precedence is **always** required for sourcing a needed item.

SPD-Process Improvement recommends that entities educate their cardholders on how to find the proper source. Explaining the Order of Precedence to cardholders is most important so they will check to see if the items are on statewide contract before making a purchase.

As a reminder, if the item is on statewide contract and the Entity chooses not to buy from the statewide contract source for various reasons, a [Statewide Contract Waiver Request Form, SPD-NI005](#), is required. The form must be submitted to the Process Improvement mailbox for approval before buying from another source.

### **Using Improper NIGP Codes**

Monitoring spend by NIGP Codes is the most efficient and highly recommended way to track the need for potential Entity contracts. When purchase orders are not coded correctly, this puts the Entity at risk for being unable to appropriately track spending trends or accurately identify spend. In addition, understanding that State Purchasing uses statewide spend to detect opportunities for new statewide contracts, this coding problem also puts the state at risk.

A more frequent problem Process Improvement has found is where the Entity selects a 5-digit code from an inappropriate 3-digit class. It is highly recommended that entities monitor their purchase orders for inaccurate NIGP Codes so that spend is accurately categorized.

### **Using Improper Purchase Type Codes**

The Process Improvement team has found that improper Purchase Type Codes are attributed to both buying from the wrong source (i.e., not following the Order of Precedence), or just placing the wrong purchasing type code on the purchase order.

It is recommended that frequent reviews be conducted by those who create purchase orders so that these types of errors can be quickly detected and either corrected or prevented from future occurrences.

### **Not Using Current Forms/Templates**

Process Improvement has found a number of occurrences where outdated forms/templates have been used. It is so easy for procurement professionals to use forms that have been saved to their desktops, but

this practice is not recommended. Because various documents are revised periodically by State Purchasing, it is always a good practice for purchasers to go to SPD's website to retrieve the most current version of needed forms/templates.

### **Not Following Bid or Sole Source Procedures**

The *Georgia Procurement Manual* documents all procedures necessary for developing, posting, and awarding bids or sole source notices of intent to award. The Process Improvement team has found a number of incidences where outdated procedures are being used, or the Entity has failed to include important details outlined in the GPM. For example, a number of solicitations have been found where a notice of award (NOA) was not posted to the Georgia Procurement Registry within one day of contract award, as outlined in the GPM. This posting is also required by Team Georgia Marketplace™ users even though they are required to post the NOA in the system.

For those who have attended the *How to Conduct a Self Audit (Compliance)* and the *Evaluating P-Card Program Management* training courses, you have learned that the Process Improvement has a number of tools and guidance documents available online for state Entity use. These tools will help you to ensure that compliance is met on purchasing card transactions, purchase orders, and solicitations.



## GLOSSARY

Term	Definition
19D Query	The main query in PeopleSoft used to download purchase order line details
Aggregate	Forming a whole– collective together from different sources (NIGP Code) Considered as a whole
Alter	To make changes to something, be changed, or become different
APO/CUPO	Agency Procurement Officer / College or University Procurement Officer – the chief procurement officer for a State Entity responsible for all procurement activities
Data	Information for computer processing – information, e.g. numbers, text, images, sound, in a form that is suitable for storage in or processing by a computer
Drop-Down Indicator	Is an arrow shaped pointer in a down position used to filter data
Extract/Extraction	To derive or obtain (information, for example) from a source
Filter	Selectively choosing what items will be in a view and only those items will appear in a view. Filtering offers a variety of ways to select and organize the criteria of data.
Format	The way data is presented, organized or arranged for storage or display; a method for achieving such an arrangement
<i>Georgia Procurement Manual</i>	The published document of the administrative rules issued by the Department of Administrative Services (“DOAS”), through its State Purchasing Division (SPD). These administrative rules govern the purchasing activities of all state government entities, as well as assist vendors who wish to engage in business with the State.
GPR Scorecards	Scorecards used to evaluate solicitations. There is a separate scorecard for each type of solicitation.

Term	Definition
Highlight	To select specific data; to mark for a specific use.
Historical	Data in its original form, a chronological record of procurement events
Main Query	Is an Excel Spreadsheet that reflects financial data extracted from PeopleSoft
NIGP Code	Coding structure designed to identify what is purchased. Structured by “class” (3 digit), and “item” (5 digit).
NIGP Review	Analysis of NIGP Codes used on purchase orders to determine appropriate NIGP Codes have been utilized.
NIGP Summary Tool	Tool to be used with a purchase order query for detecting and correcting incorrect NIGP codes used on purchase orders.
Official Code of Georgia, Annotated (O.C.G.A.)	Laws passed by the State of Georgia Legislation and signed by the Governor.
Payables Review	Review of purchase orders, receiving documents, invoices, and vouchers to ensure that the amount paid is correct based on what was ordered, what was received, and what was invoiced.
PeopleSoft	Financial management solutions system, which includes procurements and contract management.
Purchase Order Review Checklist	Checklist to be used to review purchase orders for compliance with legal and policy requirements for all purchase orders. Includes sections for each area of a PO Review.
Purchase Order Scorecards	Workbooks used to record compliance of purchase orders with the PO Review Checklist. There are two PO Scorecards, one for a random sample and one for a criteria-based sample.
PO Workbook	Blank workbook that has been formatted for compiling purchase order data to determine whether procurements have been processed according to the Georgia Procurement Manual (GPM), and the Official Code of Georgia, Annotated §50-5 (O.C.G.A.).
Query	Tool used in PeopleSoft to extract information using visual representations of financial database.

Term	Definition
Save	To set aside for future use; to preserve data from harm or loss. Shortcut key to save any Microsoft Office document (e.g. Word, Excel) is CTRL+s.
Separation of Duties	Internal controls taken to ensure that no one person can take a purchase from beginning to end. In other words, no individual should be able to place an order, acknowledge receipt of the goods or services, and authorize payment for those goods or services.
Sort	Arrange data in a set order.
Split Purchase Review	Analysis of procurement to determine if a State Entity intentionally processed two or more reasonably foreseeable transactions for the purpose of circumventing the \$25,000 competitive bidding requirement.
Verification	A quality control mechanism to ensure compliance with the O.C.G.A. and the GPM. Data can be measured for correctness, integrity, and completeness. Verification is a critical component of the analysis process.





## TOPICAL INDEX

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### C

- Contact Information
  - Board of Regents · 25
  - State Accounting Office · 22
  - State Purchasing Division · 22
- Corrective Action Plans
  - General Information · 69
  - Template · 70
  - When required · 19
- Criteria-Based Sample
  - Structure of scorecard · 34

---

### G

- Georgia Procurement Registry · 10
  - Self-Audit Procedure · 51
  - Solicitation Listing · 53
- Getting Started
  - FAQ's · 11
- Glossary · 93
- GPR Review
  - Defined · 19

---

### I

- Internal Controls
  - Importance of · 10
  - Review defined · 19

---

### N

- NIGP Codes
  - Exempt List · 43
  - Key Word Search · 44
  - Reviewing · 34, 47
  - Selecting correct codes · 43
  - Using the NIGP List · 45
- NIGP Summary Tool
  - Additional information · 48
  - Possible Results · 47
  - Steps to Use · 47

---

### P

- Payables Review
  - Defined · 11
  - Steps to complete · 65
- PO Review Checklist · 74
  - \$25K Bid Review · 87
  - NIGP Code Review · 86
  - Other Purchase Order Types · 81
  - Purchase Type Review · 74
  - Split Purchase Review · 86
  - Tier Four (4) · 76
  - Tier One (1) · 75
  - Tier Three (3) · 76
  - Tier Two (2) · 75
- Procurement Operations Reviews
  - Benefits of · 3
  - Components of · 6
  - Defined · 5
- Procurement Risks · 1
  - In the Seven Stages · 2
- Purchase Order Data
  - NIGP Codes · 6
  - Purchase Type Codes · 7
- Purchase Order Review
  - \$25K Bid Compliance · 39
  - Annual sample selection · 18
  - Components of · 6
  - NIGP Summary Tool · 47
  - Selecting a sample · 29
  - Split Purchase Review · 41

· 7

---

### Q

- Queries
  - Downloading from PeopleSoft · 21
  - For use in PO Review · 21, 32
  - In BOR PeopleSoft · 25
  - In SAO PeopleSoft · 21
  - Obtain PO Data · 33

---

## **R**

### Random Sample

- Manual Selection · 30
  - Selected by Process Improvement · 29
  - Structure of scorecard · 33
- Report Card · 67

---

## **S**

### Scorecards

- Internal Controls · 63
- Purchase Order · 31
- Purchase Order, Preparing · 34
- Purchase Order, Results · 36
- Purchase Order, Structure of · 33
- Purchase Order, Using · 35
- PurchaseOrder, Manual Sample · 37
- Solicitations · 59

### Scoring Methodology

- PO Scorecard · 31
- Ratings Definitions · 73

d

Solicitation Scorecards · 59

### Self-Audit

- Finding resources · 12
- Overall rating · 67
- Policy basis · 17
- Report Card · 67
- Requesting extensions · 17
- Resources needed · 11
- Review of by SPD · 18
- Scoring · 13
- Submitting results to SPD · 13, 17
- Time period to review · 12

### Seven Stages

- Risks In · 2
- Solicitation Listing · 53
- Steps to Run · 54

---

## **T**

### Tips

- For efficiency and effectiveness · 14