



**To:** APOs and CUPOs

**AUD #23-09**

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

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

**Date:** October 31, 2022

**Re:** Audit of Emergency Purchase Orders (POs) issued by Team Georgia Marketplace™ and University System of Georgia entities<sup>1</sup> in August 2022

### **Audit Objectives**

1. Was an emergency purchase required?
2. Was the Emergency Justification Form (SPD-NI004) completed?

### **Background**

In accordance with O.C.G.A. §50-5-71, SPD has granted the authority to state entities to purchase urgently needed items during emergencies. Emergency purchases shall be limited to those supplies, services, or items necessary to respond to the emergency. On April 12, 2022, the Department of Administrative Services (DOAS) released Official Announcement #22-06, which revised the emergency purchasing policy. These changes became effective on July 1, 2022.

The SPD Audit team will audit emergency POs monthly to ensure these policy updates are followed.

### **Audit Summary**

SPD Audits identified 15 POs totaling \$1.6 million classified as an emergency in August 2022. Of these, 10 POs totaling \$1.2 million were under the purview of the DOAS, and five POs totaling \$463,543 were not. The emergency POs not under the purview of DOAS were POs issued by entities not subject to the State Purchasing Act (section 1.2.1.1 of the Georgia Procurement Manual (GPM)) or were under the Board of Regents public works exemption (section 1.2.1.2 of the GPM). These emergency POs under the purview of DOAS are summarized in **Table 1**.

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

**Table 1**  
**State entities under the purview of DOAS**  
**Emergency POs issued in August 2022**

<b>State Entities</b>	<b>PO Amount</b>	<b>Percent</b>	<b>PO Count</b>
Labor, Department of	\$473,415	40.2%	1
University of Georgia	\$345,193	29.4%	3
Education, Department of	\$253,524	21.6%	1
Corrections, Department of	\$39,376	3.3%	1
Coastal Pines Technical College	\$26,993	2.3%	1
Natural Resources, Department of	\$25,750	2.2%	1
Public Health, Department of	\$10,192	0.9%	1
Transportation, Department of	\$1,776	0.2%	1
Sources: 1) TGM_oEPO019D_PO_SPEND_BY_DATE; 2) BOR_OPO019D_PO_LIST_BY_BU_DTL; 3) PO data provided by Georgia Institute of Technology, Georgia State University, and University of Georgia.			

## **Audit Results**

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

1. Of the 10 emergency POs under the purview of DOAS, six POs required an Emergency Justification Form. We were able to locate two (33%) Emergency Justification Forms.
2. Two POs were related to emergencies in the prior fiscal year, which were being amended or updated to encumber funds for those emergencies and complete the processing of invoices or required payments and did not require that a new Emergency Justification Form be submitted.
3. The state entities which issued the remaining six emergency POs were contacted regarding the missing forms. One state entity, which issued an emergency PO, but did not submit a current Emergency Justification Form, could have coded the PO as exempt since the PO was issued to a non-profit organization.<sup>2</sup>
4. SPD Audits commends Coastal Pines Technical College, the Department of Corrections, Georgia Institute of Technology, and the Georgia Correctional Industries (GCI) for following the new emergency purchase procedures and completing the newly revised Emergency Justification Form. GCI and the Georgia Institute of Technology (under the Board of Regents public works exemption) were not under the purview of DOAS, but both entities completed the Emergency Justification Form.

<sup>2</sup> Section 1.2.2 of the GPM allows non-profit entities to be exempt from the State Purchasing Act as long as the entity is only providing services, which was the case in this instance.

## Recommendations

1. SPD Audits recommends APOs and CUPOs, and state entity procurement staff be reminded of the requirements of Section 1.3.5 of the Georgia Procurement Manual before coding POs as “emergency.”
2. APOs and CUPOs should review the current (revised 07/01/2022) version of Form SPD-NI004 with procurement staff and business owners at their entity. They should also share the [Emergency Purchasing Policy Updates](#) webinar with staff and business owners involved in emergency procurements.
3. For existing emergencies that span fiscal years and now require longer-term solutions and procurements to resolve, APOs and CUPOs should seek advice, guidance, and approval as applicable from SPD Policy via [process.improvement@doas.ga.gov](mailto:process.improvement@doas.ga.gov) before
  - a. encumbering additional funds on existing POs
  - b. creating new POs, or
  - c. extending a contractual relationship with a supplier.