



To: APOs and CUPOs

AUD #23-17

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

From: Audits, State Purchasing Division (SPD)

Date: November 29, 2022

Re: Audit of Emergency Purchase Orders (POs) issued by Team Georgia Marketplace™ and University System of Georgia entities¹ in the month of September 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 \$486,324 classified as an emergency in September 2022. Eight POs totaling \$269,246 were under the purview of the DOAS, and seven POs totaling \$217,078 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**.

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

Table 1
State Entities under the Purview of DOAS
Emergency POs issued in September 2022

State Entities	PO Amount	Percent	PO Count
Corrections, Department of	\$180,372	37.1%	2
Savannah Technical College	\$50,927	10.5%	1
Natural Resources, Department of	\$35,000	7.2%	1
University of Georgia	\$2,372	0.5%	3
Middle Georgia State University	\$575	0.1%	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 eight emergency POs under the purview of DOAS, six required an Emergency Justification Form. We were able to locate three (50%) Emergency Justification Forms.
2. Two POs were incorrectly coded as emergencies:
 - a. one PO should have been classified as “AC” for state entity contract since the state entity had a contract with the supplier used, and they quoted the contract ID on the PO
 - b. one PO should have been classified as “EXM” for exempt purchases since the state entity referenced on the PO that the purchase was exempt. This appears to be a simple PO coding error.
3. The state entity, which issued the remaining three emergency POs, was contacted regarding the missing forms and requested to take action to complete and attach the missing forms to the POs.
4. We would like to commend the Department of Natural Resources, the Department of Corrections, and Savannah Technical College, for correctly following the new emergency purchase procedures and completing the newly revised Emergency Justification Form for all emergencies.

Recommendations

1. SPD audits recommend that APOs and CUPOs, and state entity procurement staff be reminded of the requirements of Section 1.3.5 of the GPM 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 before
 - a. encumbering additional funds on existing POs
 - b. creating new POs, or
 - c. extending a contractual relationship with a supplier