



**To:** APOs and CUPOs

**AUD #23-20**

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

**Date:** November 29, 2022

**Re:** Audit of three-digit NIGP category code use – purchase orders (POs) issued in September 2022

### **Audit Summary**

National Institute of Governmental Purchasing (NIGP) codes are a universal taxonomy for identifying commodities and services in procurement systems. The State of Georgia uses the NIGP five-digit item code as a commodity code to classify products and services on POs.

For Team Georgia Marketplace™ (TGM) entities, there were \$72,555 in PO lines, where a three-digit NIGP category code was used.

For University System of Georgia (USG) entities<sup>1</sup>, there were \$1.6 million in PO lines, where a three-digit NIGP category code was used.

### **Audit Objectives**

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

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

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

For TGM entities, we found 100 PO lines on 41 POs, where a three-digit NIGP category code was used. These PO lines totaled \$72,555. The three-digit NIGP categories end in “00” and only provide a general description of what was purchased. Section 6.3.1 of the Georgia Procurement Manual (GPM) requires a PO must contain a commodity code. The commodity codes used by the State of Georgia are five-digit NIGP codes. TGM entities used only two three-digit NIGP category codes. These codes 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**  
**Three-digit NIGP Category Codes Used**  
**(TGM) September 2022**

<b>NIGP Code</b>	<b>NIGP Code Description</b>	<b>PO Amount</b>	<b>Number of PO Lines</b>
26900	Drugs and Pharmaceuticals	\$72,355	98
96300	Miscellaneous Fees, Dues, Permits, Registrations, Rebates, Postage, Taxes	\$200	2

Source: PeopleSoft query TGM\_oEPO019D\_PO\_SPEND\_BY\_DATE

For USG entities, we found 2,842 PO lines on 1,518 POs where a three-digit NIGP category code was used. These PO lines totaled \$1.6 million. USG entities used 98 three-digit NIGP category codes. The top six three-digit NIGP category codes by PO amount are summarized in **Table 2**. These six three-digit NIGP category codes accounted for 83% of the \$1.6 million in PO lines with three-digit NIGP category codes.

**Table 2**  
**Three-digit NIGP Category Codes Used**  
**(USG) September 2022**

<b>NIGP Code</b>	<b>NIGP Code Description</b>	<b>PO Amount</b>	<b>Number of PO Lines</b>
95300	Mass Transportation, Transit Bus	\$712,857	6
20400	Computer Hardware and Peripherals for Microcomputers	\$312,728	291
18000	Chemical Raw Materials (in large quantities etc.)	\$100,398	425
60000	Office Machines, Equipment, and Accessories	\$77,584	89
20600	Computer Hardware and Peripherals for Mainframes and Servers	\$77,075	3
17500	Chemical Laboratory Equipment and Supplies	\$76,955	326

Source: 1) BOR\_OPO019D\_PO\_LIST\_BY\_BU\_DTL; 2) PO data provided by Georgia Institute of Technology, Georgia State University, and University of Georgia.

**Recommendations**

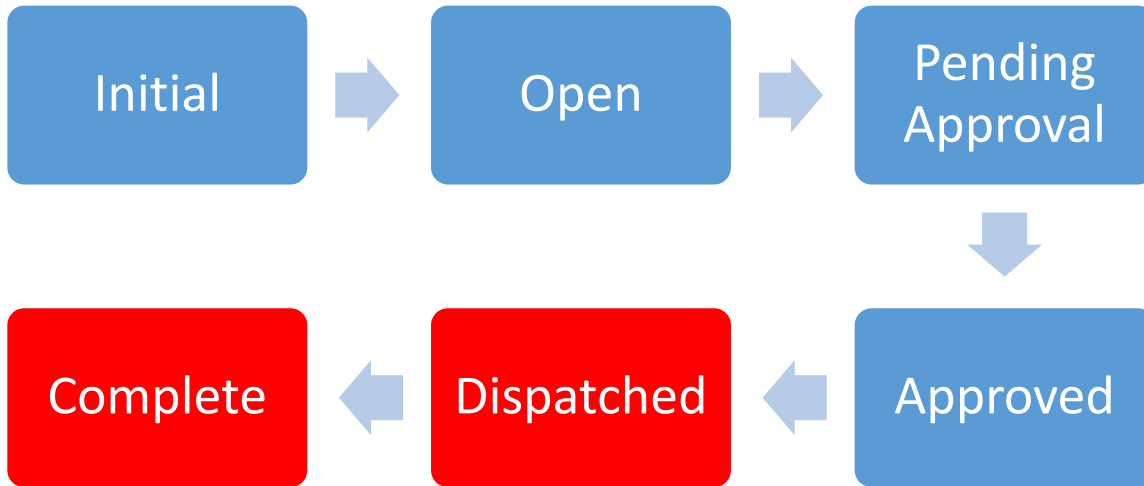
1. SPD should clarify if and when three-digit NIGP category codes may be used on POs.
2. SPD should work with the appropriate IT support staff from the Department of Administrative Services (DOAS), the State Accounting Office, and USG to prevent the use of three-digit NIGP category codes on PO lines, where prohibited.
3. SPD should provide a crosswalk from the most often used three-digit NIGP category codes to the five-digit codes that should be used.
4. APOs/CUPOs should review PO data from this audit at the buyer level to ensure that staff are adequately trained and, where necessary, re-trained in the correct use of NIGP codes on POs. SPD should also consider offering a stand-alone course on NIGP code use for buyers, requestors, approvers, and APOs/CUPOs.

# Appendix A

## Audit Scope and Methodology

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This audit is of purchase orders (POs) issued in September 2022 - POs with PO dates between September 1, 2022, through September 30, 2022. The PO dates were when the PO queries were run in October. The PO queries come from different financial systems. Except for the Georgia Institute of Technology, which uses Workday, all other audited state entities use PeopleSoft for their financial system. It is not the same instance of PeopleSoft since each instance is configured differently. The objective of the audit was to audit POs issued or dispatched. Since the PO queries are being run from different financial systems, the terminology used to indicate the PO status or the life cycle for POs varies. For TGM entities, the PO life cycle consists of the following steps:



Only those POs in the stage of dispatched or complete were included in this audit. Phases, before dispatched, represent the internal approval process a state entity uses before the PO is sent to the supplier. For TGM entities, this is known as dispatched. Complete is the status used when the PO is closed and can no longer be modified or used.