EVALUATING VENDOR SPEND LEVELS

State purchasing regulations as found in the Official Code of Georgia, Annotated, require competitive bids for any purchases anticipated to be $5,000 or more. The $5,000 competitive bid requirement is based on "purchase(s)" and is interpreted as the total of a single purchase, either purchase order or purchasing card transaction or combination of both. A "single purchase" is defined as any purchase of like or similar items where the need is foreseeable or known at the time of the purchase. Using the purchasing card as a method of payment does not relieve the State Entity, or cardholders, from following competitive bidding procedures when foreseeable and/or known purchases are determined to be $5,000 or more. Refer to the Georgia Procurement Manual for additional information.

The APO/CUPO is responsible for including purchasing card transactions in the quarterly spend evaluation required by the Georgia Procurement Manual. This exercise explained below allows the user to:

- Quickly identify vendors with more than $5,000 in transactions for any one day, regardless of the number of cardholders, in order to determine if cardholders are splitting purchases to circumvent bid requirements.
- Assist in the quarterly vendor spend analysis to identify areas where State Entity contracts could result in cost savings.

Compiling Transaction Data

Works Payment Manager allows the user to download transaction information into an Excel spreadsheet. However, if the user expects that there will be more than 65,535 rows, the transactions must be downloaded to a text file and then opened with Excel.

The following data fields should be exported using a custom report. If analyzing for the same time period as the Spending Limits Analysis, you can use that export and/or the spreadsheet used for that analysis.

- Cardholder user name
- Post (Bank) Date
- Purchase Date
- Merchant Name
- Merchant City
- Transaction Amount
- Transaction MCC
- MCC Description

Copy the appropriate data to the corresponding columns on the "Spending Limits Analysis Template.xls" used for the cardholder spending limits analysis.

Use this spreadsheet because you will need it to calculate the cycle ending date. There is a column with a built-in formula for calculating the cycle end date based on the bank posting date and when your Entity's cycle ends.

There is a "Read Me" tab on the spreadsheet with general instructions.

Cycle Spend Analysis

Once data has been copied to the template, ensure that the Data Source for the pivot table includes all rows on the Data tab.

Configure the pivot table to have the following layout

- Row – Vendor name
- Column – Cycle ending date
- Data – Sum of transaction amount

Analysis

- Review the pivot table for vendors with unusual trends in dollar amounts.
- Review the merchant names for suspicious merchants.
- Double-click on the dollar amount to copy these transactions to a new spreadsheet. Rename the spreadsheet to the vendor name.
- Obtain and review the documentation for the transactions.

Split Transactions Analysis

Once data has been copied to the template, ensure that the Data Source for the pivot table includes all rows on the Data tab.

Configure the pivot table to have the following layout

- Row – Vendor name
- Column – Purchase Date
- Data – Sum of transaction amount

Analysis

On the pivot table, replace the Cycle End column with the Purchase Date.

- If any vendors have more than $5,000 in a single day, determine if these transactions were:
    - From a contract, either SWC or State Entity or
    - The result of a competitive bid process.
    - If there are any single transactions >= $5,000 at a non-contract vendor, determine if these purchases were bid.
- Obtain and review the documentation to determine the circumstances.
- Ensure that appropriate documentation is retained if it was an emergency purchase and that the Emergency Authorization was sent to the State Purchasing Division.
- Financial System Purchases
- Run the financial system query that will provide the data shown below to Excel. Name the spreadsheet Vendor PO Analysis. See analysis steps below.

Run the PeopleSoft query 0PO019D_PO_LIST_BY_BU_DETAIL (State Accounting Office PeopleSoft users) or equivalent query in non-SAO PeopleSoft or non-PeopleSoft financial systems that shows the following information. Items in red font are required, the other items are the ones that come in the standard 19D query. You can delete those columns once you download the query to Excel, if desired.

- Unit (Agency code)
- Origin
- PO Number
- Change Order
- PO Date
- Type
- PO Reference
- Status
- Budget Status
- Vendor (this field is the 10-digit vendor ID)
- Name (vendor name)
- Vendor Classification
- Payment Terms
- Buyer-Phone
- Line #
- 5 Digit NIGP
- 10 Digit NIGP
- Description
- Line Amount
- Build a pivot table with the following layout:
- Rows
- Name (vendor name)
- Buyer-Phone
- Data – Sum of Line Amount (format as currency)

Analysis

- Using the filter box on the Buyer-Phone field, select all of the buyers who are also cardholders.
- Review for vendors that also accept the P-card.
- Focus on vendors shown on the listing of Statewide Contracts and Agency contracts.
    - Make a list of the purchase orders:
    - Buyer name
    - Vendor name
    - PO number
    - PO date
    - Total dollar amount
- Determine if P-card spending limits, both Single Transaction and Cycle Limit, for the buyers could have accommodated using the P-card instead of a purchase order for the purchases.
- Determine if other non-cardholder buyers are using vendors that accept the purchasing card.
- Evaluate to determine if it would be beneficial to issue purchasing cards to these buyers.
- Encourage buyers with cards to use the card instead of a purchase order for all vendors that accept cards.