



To: APOs and CUPOs

AUD #23-24

CC: Jim Barnaby, Deputy Commissioner, State Purchasing Division
Mary Chapman, Deputy Division Director, State Purchasing Division
Mukesh Patel, State Purchasing Division Portfolio Manager

From: Audits, State Purchasing Division

Date: December 20, 2022

Re: Audit of inactive NIGP code use – purchase orders (POs) issued in October 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 \$111,696 in PO lines where inactive NIGP codes were used. For University System of Georgia (USG) entities¹, there were \$117,656 in PO lines, where inactive NIGP codes were used.

Audit Objectives

1. Determine how many PO lines had an inactive NIGP code.
2. Determine which state entities issued PO lines with an inactive NIGP code.

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

Inactive NIGP codes

For TGM entities, 27 of the 231 NIGP codes classified as inactive were used. Inactive NIGP codes were used on 74 PO lines on 40 POs. These PO lines totaled \$111,696. The top three inactive NIGP codes totaled \$73,251, or 66% of the POs with inactive NIGP codes. These codes are summarized in **Table 1**. These codes became inactive effective January 1, 2016. Most inactive codes reference the active code, which should be used in the code’s description. NIGP code 91885, for example, references NIGP code 91865 in its description, as seen below.

NIGP Code	Description
918	CONSULTING SERVICES
91885	Personnel and Employment Consulting, Human Resources (Inactive, please see commodity code 918-65 effective January 1, 2016)

Source: DOAS website (<https://ssl.doas.state.ga.us/gpr/loadNigpSearch>)

The active codes referenced are shown in blue font 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
Top Inactive NIGP Codes by PO Amount
(TGM) October 2022

Inactive NIGP Code	Inactive NIGP Code Description (NIGP active code referenced)	PO Amount	Percent	Number of PO lines
57851	Ink, License Plate (57033)	\$59,730	54%	1
96244	Hat Renovation and Reblocking Services, Including Hat Cleaning Service (95404)	\$7,920	7%	1
15005	Brick, Fire, Plastic (Inactive, effective January 1, 2016) (No active code referenced) (a)	\$5,600	5%	2
Source: PeopleSoft query TGM_oEPO019D_PO_SPEND_BY_DATE				
<u>Notes:</u>				
(a) Inactive NIGP code 15005 does not suggest an alternative. Upon review of the active codes, 15010, "Construction Materials (Not Otherwise Classified)," is an appropriate alternative.				

For USG entities, 12 of the 231 NIGP codes classified as inactive were used. Inactive NIGP codes were used on 19 PO lines on 14 POs. These PO lines totaled \$117,656. The top three inactive codes totaled \$110,745, or 94% of the PO lines with inactive NIGP codes. Most inactive codes reference the active code, which should be used in the code's description. The active codes referenced are shown in blue font in **Table 2**.

Table 2
Top Inactive NIGP Codes by PO Amount
(USG) October 2022

Inactive NIGP Code	Inactive NIGP Code Description (NIGP active code referenced)	PO Amount	Percent	Number of PO lines
96178	Travel Agency Services (95892)	\$103,845	88%	1
96216	Bus Transportation Services, School (96113)	\$4,200	4%	1
91018	Energy Systems, Solar, Installation Services (93938)	\$2,700	2%	1
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

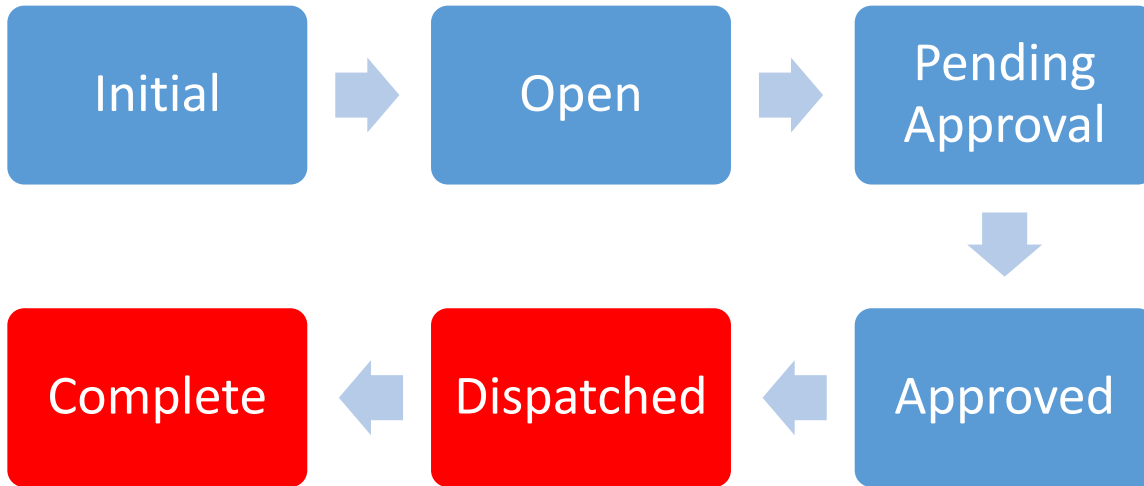
1. SPD should work with the appropriate IT support staff from DOAS, the State Accounting Office, and USG to remove inactive NIGP codes from the financial systems so inactive codes cannot be used on POs.
2. SPD should provide a crosswalk from all inactive codes to the respective active codes that should be used.
3. APOs/CUPOs should review PO data from this audit at the buyer level to ensure that staff is adequately trained and, where necessary, re-trained in using NIGP codes on POs. SPD should also consider offering a stand-alone course on NIGP code use for buyers, requestors, approvers, and APOs/CUPOs.
4. SPD should clarify if and when three-digit NIGP category codes may be used on POs.

Appendix A

Audit Scope and Methodology

December 20, 2022
Page 1 of 1

This audit is of purchase orders (POs) issued in October 2022 - POs with PO dates between October 1, 2022, through October 31, 2022. The PO dates were when the PO queries were run in November 2022. 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.