

NIGP Commodity Code - Adoption and Use effective July 1, 2016

This memo is a follow up to answer questions received regarding the State Purchasing Agent's adoption of the new standard classification code for all New Mexico expenditures. The state standard Commodity Code is now the 5-digit NIGP code. All entities are required to use this new code as provided by statute: Sec. 13-1-30.1 NMSA 1978, effective July 1, 2016 *"Each state agency and local public body shall use the standardized classification codes developed by the state purchasing agent."*

Below are answers to a few questions the State Purchasing Division has received:

1. Where do we put these codes and how do we use them?

Answer: The purpose of commodity codes is for Vendors to be able to identify procurements they are interested in on a public entity's web site. The same commodity classification code would also be utilized at another public entity's website. If the web sites are linked, then procurement opportunities of those linked web sites will provide the vendor with greater information by doing a one-stop to shop. Further, should public bodies wish to advertise their procurements on SPD's web site, there would be additional access provided by using the same classification codes by each governmental entity. This will enhance vendor capability to access procurement opportunities statewide and increase competition.

2. How do the new commodity codes impact SHARE?

Answer: Commodity codes are a procurement tool not part of the payment function. There is no impact to SHARE at this time.

3. Do we need to change our accounting system to reflect these new codes?

Answer: This is a purchasing tool as opposed to an accounting requirement. In other words, the "use" of the standard classification codes are for invitation for bids, requests for proposals, other solicitations, and sole source determinations. It does not, however, intend to modify accounting systems nor is it intended to record expenditures.

4. Does this apply to all purchases or just formal process purchases?

Answer: commodity codes are to be used as a reference to purchases of all services, professional services, construction and items of tangible personal property.

5. Is there a best practice on how to implement this process?

Answer: Each entity will have their own internal processes for implementing the adopted codes.

6. Is it asking for us to make sure a classification code is attached to each line item on a purchase order?

Answer: Commodity codes are for standardization of identifying the purchases specified in question 1 above. Each purchase should have a commodity code associated with it that identifies that particular item.

7. I am just kinda lost as to how we need to handle in the field to be compliant with statute?

Answer: Commodity codes should have no impact to you in the field. Commodity codes are to be used to associate numbers to items agencies wish to purchase and to standardize such coding statewide. Commodity codes will be used by vendors to identify items that are being advertised for solicitation they are interested in bidding on. This is done by associating a number to a commodity, i.e. Heat Pumps, will have the commodity code 03156 to identify it. This same number (03156) will identify heat pumps whether the solicitation for heat pumps is in Farmington or Las Cruces. Agencies will use these commodity codes to select the item they wish to procure.

8. If LPB's do not currently use commodity codes and instead use a spreadsheet of vendors that are not tied to a code are they still required to use the NIGP codes?

Answer: Yes, all entities are required to use the NIGP codes to associate the corresponding item they wish to purchase.

9. If an agency wants to keep their own code can they?

Answer: Yes, however in order to be compliant your entity must create a crosswalk from the NIGP codes to your entities codes. This can be done by working directly with NIGP and at an additional cost to your entity.

10. Does it cost anything to implement the new codes?

Answer: There is no cost to your entity if you download the NIGP codes. There is only a cost if your entity decides to keep its existing codes. In this case your entity will need to create a crosswalk from the NIGP codes to your entity's existing codes (at an additional fee).

11. Where can we find the codes?

Answer: Agencies can download the NIGP codes from the SPD website at www.generalservices.state.nm.us/statepurchasing/resourcesandinformation.aspx#Vendors if they choose to replace their codes and implement the NIGP codes (they can do this internally). If agencies choose to keep their codes and want to map to the NIGP codes then agencies need to work directly with NIGP.

12. These codes- is each Municipality supposed to assign a code to each individual purchase we make?

Answer: The codes are to identify a corresponding commodity so vendors can respond to solicitations via the same code and corresponding commodity statewide. If you reference your commodities in your purchases the codes will be used to identify your purchases. This will be an internal decision.

13. Does this mean that I have to change all of my expense codes in my accounting software to these codes and what if I cannot find a code that will match these.

Answer: This is an internal decision in your entity.

14. Is there a designated area in SHARE when we process PO's, etc? I don't see a lot in this memo or the statute that explains this.

Answer: Commodity codes are a procurement tool not part of the payment function. There is no impact to SHARE at this time.

15. Are these the commodity codes we are to use starting FY17?

Answer: Yes

Instructions to find the codes on the SPD website are below:

The National Institute of Governmental Purchasing (NIGP) codes are currently available in Excel format and can be downloaded from the State Purchasing Division Website <http://www.generalservices.state.nm.us/statepurchasing/resourcesandinformation.aspx#HelpfulLinks> (located on the SPD website under the right side tab "Resources and Information", then scroll down to "Vendors" heading, then click on "NIGP Commodity Codes"). NIGP codes will be used by vendors going forward to register as a supplier and will be used for all future procurement solicitations.

If your entity chooses to use different codes, you will need to develop a crosswalk program so that different codes convert to NIGP codes, and this program mapping work will need to be at your own cost. Also, any internal accounting system programming work will need to be done at your own cost.

For more information about developing a crosswalk to the NIGP codes contact:

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For General questions regarding NIGP codes and their use under the new statute contact:

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