

INDEPENDENT DEALER SPECIAL ISSUE

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a monthly e-zine publication for and about the OP and OF dealer.

Audit Reveals \$40,000 Plus in Overcharges by Office Depot on North Carolina State Contract

Office Depot overcharged North Carolina by at least \$40,000 since becoming its sole source supplier for office supplies, a report issued this week by the state's auditor has found.

The report found incorrect prices on over 1,500 transactions in the first seven months Office Depot held the contract, as well as a number of items covered under the contract that were not available for purchase.

Office Depot has operated as North Carolina's sole source supplier since February 2006, following the state's decision to switch from multiple vendors to a sole source model.

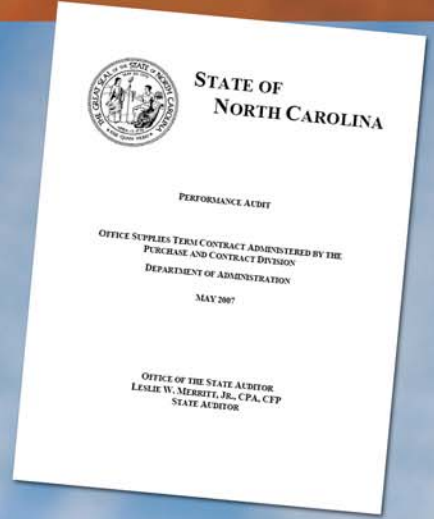
That move provoked fierce criticism from NOPA, spearheaded by a coalition of independent dealers in North Carolina who charged the state was eliminating competition in its procurement processes and favoring an out-of-state, billion-dollar company over local small businesses.

According to state auditors, North Carolina's Purchase and Contract (P&C) Division, the agency responsible for managing the contract, lacked a reliable means of monitoring purchases and failed to require permanent corrective action when it did find pricing errors and availability problems.

"While P&C's monitoring of the office supplies contract had identified and addressed errors, no evidence was provided that P&C attempted to identify and correct the underlying cause(s) of the errors," the auditors said.

"Pricing errors in the vendor catalog continued to exist, even though P&C was aware of the problem and had addressed known individual pricing errors, including some that resulted in overcharges to state agencies. Additionally, a number of items covered under the contract were not available for purchase through the vendor. In the absence of permanent, reliable corrective action, state agencies' assurance that contracted items are available, at contracted prices, is compromised."

"All I can say is, they told you so," commented industry government affairs expert and *INDEPENDENT DEALER* columnist Paul Miller. "North Carolina dealers told everyone from the top down in the government what was happening. They had a solid plan that was fair for the state, promoted competition and would have avoided cases like this. If the state had done its own due diligence, it would never have approved this contract in the first place. Now let's see if they can finally do the right thing and give this business back to the people with a real stake in North Carolina and that's local business!"



FOR MORE INFORMATION:
North Carolina -
National Office Products Alliance
<http://www.ncnopa.com/index.html>

NATIONAL OFFICE PRODUCTS ALLIANCE (NOPA) <http://nopanet.org>

THE STATE AUDITOR'S REPORT
<http://www.ncauditor.net/EPSSWeb/Reports/Performance/PER-2007-7219.pdf>

PRESS COVERAGE
<http://www.newsobserver.com/114/story/572347.html>

