



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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**Nebraska Department of Administrative Services  
Office Supply Bureau  
Office Depot Business Services Contract Evaluation**

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issued by the Nebraska Auditor of Public Accounts.**

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**Issued on April 28, 2008**

Nebraska Department of Administrative Services – Office Supply Bureau  
Office Depot Business Services Contract Evaluation

**APA Summary of Evaluation Procedures**

The Auditor of Public Accounts (APA) has evaluated the contract between the State of Nebraska (State) and Office Depot Business Services (Office Depot). Per the Nebraska Department of Administrative Services - Materiel Division - Office Supply Bureau (DAS), the State has a contract with Office Depot which enables them to purchase supplies at a negotiated contract price and receive products in a timely manner.

Our evaluation included the following procedures:

1. Obtained a copy of the Office Depot contract #12174-04 for the period June 15, 2005, through May 31, 2008, from DAS. Contract is for original bid document 672Z1 for a total of \$4,500,000.00. **See Exhibit 3.** Contract Attachment 2 indicated the proposed discount for all manufacturers listed in the Bidder's product catalog would be 60%. **See Exhibit 3a.** Contract Attachment 4 listed 152 core items in the contract in specific detail including the unit price for each. The APA prepared a spreadsheet of the detailed information for comparison purposes. **See Exhibit 1.**
2. Requested a copy of the original Request For Proposal (RFP) from DAS. The RFP was 672Z1, dated March 3, 2005. The RFP indicated:
  - The contract would be for three years with the option for one year extensions when mutually agreeable.
  - There was to be a fixed price for certain core items listed in the RFP and a general discount for all other items listed in the bidder's catalog.
  - The estimated value was \$2,500,000 annually; however, there was no obligation for either a minimum or maximum amount.
  - Pricing was to be firm for the first year of the contract, after the first year adjustments were to be submitted in writing accompanied by the supporting manufacturing documentation indicating percentage of increase with the State's right to reject the increase. No price increases were to be invoiced without prior written approval by the State.
  - The items prices were to be submitted at an amount prior to the service fee. A single service fee, which is for the cost of doing business, was to be submitted. The service fee will be added to each item purchased.
  - The contractor was to state the general discount amount for all manufacturers available and listed in the bidder's product catalog. The general discount was to include the service fee amount.
  - A web based ordering system/method was required to be used.
  - Substitution of items is not allowed unless specific authorization is approved by the State.
3. Requested a copy of the Office Depot response to RFP 672Z1. Their response was dated April 11, 2005, and was 147 pages.
  - Contract Attachment 1 reflects the service fee of 15%. **See Exhibit 3a.**
  - Contract Attachment 2 reflects the general discount for all manufacturers listed in the bidder's product catalog of 60%. **See Exhibit 3b.**
  - Contract Attachment 4 is the same as attached to the contract as shown in **Exhibit 3.**
  - Contract Addendum 3 was added to the original RFP requiring the contractor to be responsible for incorporating any applicable State surcharges into the prices of the products offered to the contract users. **See Exhibit 3c.**

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4. Acquired a copy of the Office Supply Ordering Manual and Core Item Catalog 2006-2007 from the DAS - Materiel Division - Office Supply Bureau website. **See Exhibit 4.**
5. Obtained the November 2006, March 2007, and June 2007 Nebraska Information System (NIS) documents paid to Office Depot by DAS. The APA searched the invoices for the product number and listed the price noted on the invoice for the product in the APA summary of core item spreadsheet. The price on the invoices was compared to the price calculated per the contract. **See Exhibit 1.**
6. Obtained the July 2005 and August 2005 Office Depot invoices from DAS, since they were the start of the contract period. The APA searched the invoices for the product number and listed the price noted on the invoice for the product in the APA summary of core item spreadsheet. The price on the invoices was compared to the price calculated per the contract. **See Exhibit 1.**
7. Obtained the June 2007 Office Depot invoice from DAS and selected 50 items *not* on the core items (non-core) list from the RFP. The APA recalculated the price of these items based on the contract terms, the price from the Office Depot Solutions Big Book (June 2007 - June 2008), and the prices listed on the Office Depot website, as of February 20, 2008, used for on-line purchasing by the State. **See Exhibit 2.**
8. Obtained documentation of the State surcharge from DAS. The State surcharge was set at 7% and was to be incorporated into Office Depot's pricing. **See Exhibit 5.**
9. Obtained information from the NIS regarding direct payments made to Office Depot by State agencies not using the State Office Depot contract. **See Exhibit 7.**
10. Obtained copies of performance audits, analysis, and clippings regarding Office Depot and other State office supply contracts.
  - State of North Carolina - Office Supplies Term Contract Administered by the Purchase and Contract Division - May 2007. **See Exhibit 8.**
  - State of Georgia - Office Supply Contract Compliance Analysis - May 2007. **See Exhibit's 9-9e.** The State of Georgia terminated their contract with Office Depot on February 8, 2008. **See Exhibit 9d.**
  - State of California – The Mercury News article dated April 6, 2008, regarding Office Depot. **See Exhibit 10.**
11. Held meetings with DAS representatives, Office Depot representatives, and APA representatives to discuss contract and pricing of items.
12. Obtained a copy of RFP 2443Z1 released on April 7, 2008, for the purpose of selecting a qualified contractor to provide an On-Line Stockless Office Supply Program beginning June 1, 2008. This can be found on the DAS website at:
  - <http://www.das.state.ne.us/materiel/purchasing/2443.htm>

### **APA Summary of Evaluation Results**

The overall summary of our evaluation noted:

1. The current contract contained no explanation regarding what the price would be changed to after the quantity per the contract was met for core items. There also was no documentation on file at DAS to ensure the correct prices were charged by Office Depot as per the State contract. Since our evaluation began, DAS is meeting and corresponding with Office Depot to discuss prices increases and substitutions and grant approval as warranted. Effective January 1, 2008, DAS implemented procedures for verifying and monitoring Office Depot pricing. **See Exhibit 6.**

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2. The APA noted 53 of 152 items listed in the core items catalog were not priced correctly on one or more of the five monthly Office Depot bills evaluated. All 53 pricing errors resulted in overcharges to the State. Percentage overcharges on the June 2007 invoice ranged from 406.73% to 0.45%. Also, 21 of 53 of the incorrectly priced items were replaced with an item of higher cost because the original item was no longer available. One example is shears (scissors) calculated price is \$1.46 each and Office Depot actually charged \$3.48 each in June 2007; thus, the State overpaid \$2.02 or 137.66% per shears ordered. DAS had no documentation available to support Office Depot substituting items, their approval of the substituted items, or the higher pricing of items per the terms of the contract. **See Exhibit 1.**
3. The APA noted all 50 non-core items selected for testing from the June 2007 Office Depot bill were not priced correctly per the terms of the contract. The State was overcharged on 41 of the 50 items tested. Office Depot overcharged the State from .06% to 124.7% on the items tested. The overcharges ranged from \$101 on a chair to \$.04 on a paper punch. For example, a Wireless Keyboard was billed at \$90.11 when the APA actual calculated cost should have been \$44.92; thus, being overcharged \$45.19 or 100.6%. There were also 9 items tested where the State was undercharged by percentages ranging from 1.9% to 49%. After discussions with DAS, the APA evaluated the same 50 items based on prices listed on the Office Depot website used by the State as of February 20, 2008. Office Depot did not price items correctly on the website for 43 of 50 items as of February 20, 2008. **See Exhibit 2.** In a letter from Office Depot to DAS on January 16, 2008, Office Depot indicated, "...we added the 15% service fee to our cost for items that hit or fell below our cost..." This is contrary to the terms of the contract, as the 60% general discount is to include the 15% service fee and the contract is silent regarding alternative procedures based on Office Depot's costs. **See Exhibit 3b.**
4. For fiscal year 2007, per NIS, State contract payments to Office Depot totaled \$2,931,535.47. The APA also noted \$26,417.73 in payments to Office Depot which appear to have not been made under the State contract. When purchasing items directly from Office Depot and not using the State contract, State agencies need to ensure they are getting the best price and not paying extra for items purchased. **See Exhibit 7.** Some State agencies are not utilizing the contract to purchase office supplies from Office Depot; therefore, they may not be getting the best price available from Office Depot.
5. For fiscal year 2007, per NIS, Office Depot received payments of \$3,314,878.33 from the University of Nebraska. The University has contracted with a private company to evaluate the prices Office Depot is charging the University. The APA did not evaluate University purchases or the contract related to University purchases from Office Depot.
6. Office Depot is actually adding a State surcharge to items at an effective rate of 7.53%, which is not the 7% surcharge rate established by DAS. Office Depot is dividing their item price before the State surcharge by .93 to obtain the item price charged to State agencies rather than accessing a 7% surcharge on top. The State Contract did not specifically or clearly identify how the 7% surcharge was to be assessed per item. **See Exhibit 5.**
7. The letter from Office Depot dated January 16, 2008, indicated Office Depot preliminarily felt they had saved the State of Nebraska in excess of \$350,000 since the start of the Contract by not applying the 15% service fee to all non-core items. **See Exhibit 6.** This is incorrect; per the RFP the contractor is to state what the general discount would be for all manufacturers listed in the bidder's product catalog. The discount submitted by the vendors was to already include the

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service fee. Office Depot submitted a 60% discount fee. **See Exhibit 3b.** However, when this discount resulted in a price below their cost, Office Depot added the 15% service fee to items and charged it to the State. Thus, Office Depot did not save the State money on this issue and we are unsure where they came up with their amount.

**APA Overall Conclusion**

Office Depot has *not* been charging the State the correct prices on some of the items it is providing. Additionally, Office Depot did not receive official documented approval for items they substituted or for price increases they made on items purchased by the State.

DAS has taken steps to ensure the State will be getting the best qualified contractor to provide on-line stockless office supplies by issuing a new RFP. The new RFP, Number 2443Z1, clarifies several of the issues which were brought up during the APA evaluation and it will allow all qualified contractors an opportunity to openly bid on this contract. Also, DAS has implemented some new procedures effective January 1, 2008, for monitoring the current Office Depot contract to ensure items are correctly being charged to the State.

The APA staff involved in this evaluation were:

Mary Avery, Special Audits and Finance Manager  
Lance Lambdin, Legal Counsel  
Shane Rhian, Auditor-In-Charge  
Kris Kucera, Auditor-In-Charge

If you have any questions regarding the above information, please contact our office. The APA wishes to thank DAS for their cooperation in this matter.



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Special Audits and Finance Manager



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Auditor-In-Charge



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**Summary of Core Items Priced Incorrectly**

**Exhibit 1**

From Office Depot Contract 1217404 - Attachment 1							NIS Doc# 6305228	NIS Doc# 6502213	NIS Doc# 9560468	NIS Doc# 10583848	NIS Doc# 11237414			
Item #	Category	MFG Name	MFG Number	Description	Order Unit	Contract Unit Price	Office Depot (OD) Calculated Price	APA Calculated Price	July 2005 Invoice Amount	August 2005 Invoice Amount	November 2006 Invoice Amount	March 2007 Invoice Amount	June 2007 Invoice Amount	June 2007 % Over/Under-charge
						Contract Price before SC and SSC	(Contract X 15% SC) / .93 SSC per 1/16/08 OD Letter	Contract X 15% SC *1.07 SSC per Contract 1217404	Actual Price Charged	Actual Price Charged	Actual Price Charged	Actual Price Charged	Actual Price Charged	Actual Bill less APA Calucated Price
The following items were overcharged, either by a miscalculation by Office Depot or a price increase without approval by DAS.														
34	Staples	Bostitch	SBS 19 1/4 CP	Chisel Point 1/2" x 14"	Box	\$0.17	\$0.21	\$0.21	\$0.22	\$0.22	\$1.06	\$1.06	\$1.06	406.73%
61b	Brief Covers	Smead	T118GN	Brief Covers 11" x 8 1/2" Green	Each	\$0.15	\$0.19	\$0.18	\$0.00	\$0.18	\$0.00	\$0.20	\$0.49	165.47%
27a	Post-It Tape Flags	Post-It	3M #680	1" x 1.7" Red	Pack	\$1.02	\$1.26	\$1.26	\$2.52	\$2.52	\$2.65	\$2.65	\$2.65	111.14%
27d	Post-It Tape Flags	Post-It	3M #680	1" x 1.7" Yellow	Pack	\$1.01	\$1.25	\$1.24	\$2.49	\$2.49	\$2.62	\$2.62	\$2.62	110.81%
25	Post-It Notes	3M	655R-YW	3" x 5"	Each	\$0.51	\$0.63	\$0.63	\$0.63	\$0.63	\$0.00	\$0.98	\$0.98	56.16%
56	File Pockets	Smead	#2-4920	Letter size 11 3/4 x 9 3/4	Each	\$0.21	\$0.26	\$0.26	\$0.00	\$0.26	\$0.32	\$0.32	\$0.32	23.84%
39	Tape Products	3M	810	Tape, Transparent, Magic Mending rolls 3/4 x 1296, 144/case	Roll	\$1.37	\$1.69	\$1.69	\$1.70	\$1.70	\$2.05	\$2.05	\$2.05	21.61%
92b	Batteries	Eveready	EVREN 91EA	AA Alkaline Battery 24/box	Box	\$4.69	\$5.80	\$5.77	\$5.80	\$5.80	\$5.80	\$5.80	\$6.77	17.31%
83	Pads	Tops	Recycled Riverside Ecology	8 1/2 x 11 3/4 White Perforated	Dozen	\$3.47	\$4.29	\$4.27	\$4.29	\$4.29	\$4.29	\$4.93	\$4.93	15.46%
84	Pads	Tops	Recycled Riverside Ecology	5 x 8 White Perforated	Dozen	\$2.09	\$2.58	\$2.57	\$2.58	\$2.58	\$2.58	\$2.95	\$2.95	14.71%
91b	Batteries	Eveready	EN22	9 Volt Alkaline 12/box	Box	\$11.19	\$13.84	\$13.77	\$13.84	\$13.84	\$13.84	\$13.84	\$14.68	6.61%
28	Punch, Multiple	ACCO - SLINE	SWI74350	1,2,3, or 4 holes punch 9/32" diameter	Each	\$17.93	\$22.17	\$22.06	\$0.00	\$22.17	\$22.17	\$23.26	\$23.26	5.43%
44	Folders	Smead	C23H	Legal size (14 3/4 x 9 3/8)	Box	\$5.72	\$7.07	\$7.04	\$7.08	\$7.08	\$0.00	\$0.00	\$7.08	0.59%
38	Sheet Protectors	Avery or Wilson Jones	AVE74107 or WLJ21412	11" x 8 1/2" -3 hole - .004 gauge	Box	\$3.20	\$3.96	\$3.94	\$4.57	\$4.57	\$3.96	\$3.96	\$3.96	0.57%
51	File Pockets	Smead	1516C	Legal size 14 3/4 x 9 1/2 25/box	Box	\$9.57	\$11.83	\$11.78	\$0.00	\$0.00	\$0.00	\$11.84	\$11.84	0.54%

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46	Folders	Smead	C25H	Legal size (14 3/4 x 9 3/8) 1/5 cut	Box	\$5.40	\$6.68	\$6.64	\$6.68	\$0.00	\$0.00	\$6.68	\$6.68	0.53%
53	File Pockets	Smead	1526E or 74224	14 3/4 x 9 1/2, 25/box, 4box/case	Box	\$10.59	\$13.10	\$13.03	\$13.10	\$13.10	\$13.10	\$13.10	\$13.10	0.53%
94	Recycling Containers	Rubbermaid	#2692-88GR	Bottle & Can Recycling Top Green	Each	\$4.01	\$4.96	\$4.93	\$0.00	\$0.00	\$0.00	\$0.00	\$4.96	0.52%
95	Recycling Containers	Rubbermaid	Rub 354006	We Recycle Container 23 gallons Blue	Each	\$11.79	\$14.58	\$14.51	\$0.00	\$0.00	\$0.00	\$0.00	\$14.58	0.50%
41	File Folders, Guides, Index Cards, etc.	Smead	2-153L	Letter size (11 3/4 x 9 1/2)	Box	\$6.89	\$8.52	\$8.48	\$8.52	\$8.52	\$8.52	\$8.52	\$8.52	0.49%
71a	Steel Roller Ball and Point	Sanford	60151	Micro 5mm Point Black	Dozen	\$5.58	\$6.90	\$6.87	\$6.90	\$6.90	\$6.90	\$6.90	\$6.90	0.49%
42	File Folders, Guides, Index Cards, etc.	Smead	2-153C	Legal size (14 3/4 x 9 1/2)	Box	\$7.91	\$9.78	\$9.73	\$9.78	\$9.78	\$9.78	\$9.78	\$9.78	0.48%
49	File Pockets	Smead	1514C	Letter size 11 3/4 x 9 1/2 25/box	Box	\$7.83	\$9.68	\$9.63	\$9.68	\$9.68	\$9.68	\$9.68	\$9.68	0.47%
52	File Pockets	Smead	1524E	11 3/4 x 9 1/2, 25/box, 4box/case	Box	\$10.76	\$13.31	\$13.24	\$13.30	\$13.30	\$13.30	\$13.30	\$13.30	0.45%
29a	Rubber Band	Plymouth or Alliance Series		Size 19 1/4# pack	Pack	\$0.27	\$0.33	\$0.33	\$0.00	\$0.77	\$0.77	\$0.00	\$0.00	Not billed in June
29b	Rubber Band	Plymouth or Alliance Series		Size 32 1/4# pack	Pack	\$0.27	\$0.33	\$0.33	\$0.77	\$0.00	\$0.00	\$0.00	\$0.00	Not billed in June
57	File Pockets	Smead	#2-4950	Legal size 14 3/4 x 9 1/2	Each	\$0.23	\$0.28	\$0.28	\$0.28	\$0.28	\$0.35	\$0.00	\$0.00	Not billed in June
48	Wallets	Smead	1055EL	Legal size (15 x 10)	Box	\$14.38	\$17.78	\$17.69	\$17.80	\$0.00	\$0.00	\$20.50	\$0.00	Not billed in June
22	Notebooks, Stenographic	Tops	Ampad Green Cycle Tops Recycled	6" x 9" Spiral Bound/Ruled 80 Sheet Notebook	Each	\$0.34	\$0.42	\$0.42	\$0.42	\$0.42	\$1.55	\$1.83	\$0.00	Not billed in June

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**Summary of Core Items Priced Incorrectly**

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74a	Ball Point Pen Retractable	Papermate	Pap85588	Medium Point Black	Each	\$0.31	\$0.38	\$0.38	\$0.00	\$1.39	\$0.00	\$0.00	\$0.00	Not billed in June
81	Pads	Tops	Ampad Green Cycle Tops Recycled	8 1/2 x 11 Canary Gum top	Dozen	\$2.71	\$3.35	\$3.33	\$0.00	\$0.00	\$3.35	\$3.84	\$0.00	Not billed in June
82	Pads	Tops	Recycled Riverside Ecology	8 1/2 x 11 White Gum-top	Dozen	\$2.71	\$3.35	\$3.33	\$3.35	\$0.00	\$0.00	\$3.84	\$0.00	Not billed in June
The following 22 items were substituted because the original unit was no longer available. Some items have the same number and there was no supporting documentation to support the substitute.														
21	Letter Opener	OIC or Sparco	94909 or 01451	9" Nickel Plated Wide Blade	Each	\$0.17	\$0.21	\$0.21	\$0.00	\$0.00	\$0.74	\$0.74	\$0.74	253.75%
33	Staplers	Bostitch	#440	Length 8 1/2A x 4" loads 210 staples	Each	\$2.51	\$3.10	\$3.09	\$9.66	\$9.66	\$9.66	\$9.66	\$9.66	212.77%
6a	Binders	Wilson Jones	362-34	View Binder Capacity 1 1/2" Black	Each	\$0.97	\$1.20	\$1.19	\$1.20	\$1.20	\$0.00	\$0.00	\$3.34	179.83%
6c	Binders	Wilson Jones	362-34	View Binder Capacity 1 1/2" White	Each	\$0.97	\$1.20	\$1.19	\$1.20	\$1.20	\$3.34	\$3.34	\$3.34	179.83%
5a	Binders	Wilson Jones	362-14	View Binder Capacity 1" Black	Each	\$0.81	\$1.00	\$1.00	\$0.00	\$1.00	\$0.00	\$2.59	\$2.59	159.86%
31	Shears	Fiskar or Acme	10137097 or 10703	Shears 8" min blade length	Each	\$1.19	\$1.47	\$1.46	\$1.47	\$1.47	\$3.48	\$3.48	\$3.48	137.66%
60a	Portfolios	Smead	486 BE	11" x 8 1/2" Light Blue	Each	\$0.13	\$0.16	\$0.16	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	93.79%
88	Batteries	Ray-O-Vac or Eveready	AL-D or EVR 95PB4	D Alk 2/pk or Eveready	Pack	\$1.29	\$1.60	\$1.59	\$2.77	\$2.79	\$2.97	\$2.97	\$2.97	87.10%
60c	Portfolios	Smead	486Y	11" x 8 1/2" Yellow	Each	\$0.13	\$0.16	\$0.16	\$0.00	\$0.30	\$0.30	\$0.30	\$0.30	85.67%
5c	Binders	Wilson Jones	362-14	View Binder Capacity 1" White	Each	\$1.24	\$1.53	\$1.53	\$1.54	\$1.54	\$2.59	\$2.59	\$2.59	69.74%
93a	Batteries	Eveready	EVREN 92EA	AAA Alkaline Battery Per Each	Each	\$0.43	\$0.53	\$0.53	\$0.69	\$0.70	\$0.74	\$0.74	\$0.74	40.33%



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77	Mechanical Automatic Pencil	Pentel	505HB	Lead .5mm HB 12/tube	Tube	\$0.58	\$0.72	\$0.71	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	12.09%
92a	Batteries	Eveready	EVREN 91EA	AA Alkaline Battery Per Each	Each	\$0.29	\$0.36	\$0.36	\$0.36	\$0.00	\$0.00	\$0.36	\$0.38	6.49%
7a	Binders	Wilson Jones	362-44	View Binder Capacity 2" Black	Each	\$1.12	\$1.38	\$1.38	\$0.00	\$0.00	\$0.00	\$4.06	\$0.00	Not billed in June
7b	Binders	Wilson Jones	362-44	View Binder Capacity 2" White	Each	\$1.12	\$1.38	\$1.38	\$1.39	\$1.39	\$4.06	\$4.06	\$0.00	Not billed in June
16	Desk Trays	Rubbermaid	46106	Letter size	Each	\$0.40	\$0.49	\$0.49	\$0.49	\$0.49	\$2.14	\$0.00	\$0.00	Not billed in June
17	Desk Trays	Rubbermaid	58686	Letter size	Each	\$0.80	\$0.99	\$0.98	\$0.99	\$0.00	\$3.08	\$3.08	\$0.00	Not billed in June
37	Ring Binder Index	Kleer Fax or Avery	KFP1108COL or C12135C	11" x 8 1/2" Color 3R, 5 tabs/set	Set	\$0.36	\$0.45	\$0.44	\$0.44	\$0.00	\$0.00	\$0.77	\$0.00	Not billed in June
63b	Highlighters	Faber Castel or Avery	64328 or 24016EA	Highlighter Yellow	Each	\$0.07	\$0.09	\$0.09	\$0.32	\$0.00	\$0.32	\$0.32	\$0.00	Not billed in June
79	Pencils	Faber or Papermate	12242 or 22017	Pencil #2 Med Soft	Dozen	\$0.31	\$0.38	\$0.38	\$0.89	\$0.91	\$0.91	\$0.91	\$0.00	Not billed in June
91a	Batteries	Eveready	EVREN 22EA	9 Volt Alkaline Per Each	Each	\$1.29	\$1.60	\$1.59	\$0.00	\$1.52	\$2.16	\$2.16	\$0.00	Not billed in June

53 # of Core items not priced correctly.

21 # of Incorrectly priced items replaced as original item not available.

Note: Where the Invoice item is blank or zero, the APA was unable to find that specific item purchased during the month evaluated.

Note: This spreadsheet does not include all of the items invoiced to the State each month. APA only entered those items they were able to find on the Office Depot invoices as they related to the specific contract core items.

SC = Office Depot Service Charge  
SSC = State Surcharge

Nebraska Administrative Services - Office Supply Bureau  
Office Depot General Business Services Contract Evaluation  
Non-Core Items Pricing Testing from June 2007 Bill

Exhibit 2

Office Depot Item Number per Bill	Item Description per Bill	Manufacturer Code per Bill	Price per Bill	Office Depot Solutions Big Book June 2007 - June 2008					Office Depot Website on 02-20-2008					
				Catalog Price	APA Calculated Price	Price Variance	Percentage Variance	Catalog Page	Website State Price	Website List Price	APA Calculated Price	Price Variance	Percentage Variance	
000806341	BOARD, PRCLN, P3CERAM, 6X4, TM	P567T	\$ 370.10	\$ 750.95	\$ 321.41	\$ 48.69	15.2%	778	\$ 447.85	\$ 750.95	\$ 321.41	\$ 126.44	39.3%	
000950577	CHAIR, GUEST, SIDE, LEATH, BK	BSXVL853HSP11	\$ 205.06	\$ 243.00	\$ 104.00	\$ 101.06	97.2%	695	\$ 182.88	\$ 243.00	\$ 104.00	\$ 78.88	75.8%	
000481542	VARIO PRO DUAL VIEW	DBL5515-00	\$ 99.42	\$ 119.95	\$ 51.34	\$ 48.08	93.7%	142	\$ 97.85	\$ 119.95	\$ 51.34	\$ 46.51	90.6%	
000493635	TRUCK, PLATFORM W/FOLD DWN HNDL	4078	\$ 170.77	\$ 324.00	\$ 138.67	\$ 32.10	23.1%	539	\$ 183.54	\$ 324.00	\$ 138.67	\$ 44.87	32.4%	
000159886	WIRELESS OPT DSKTP PRO KEYBRD	K48-00019	\$ 90.11	\$ 104.95	\$ 44.92	\$ 45.19	100.6%	839	\$ 71.55	\$ 104.95	\$ 44.92	\$ 26.63	59.3%	
000389968	PHONE, CORDED, 2-L, CALLER ID, 992	992	\$ 58.43	\$ 79.99	\$ 34.24	\$ 24.19	70.7%	856	\$ 58.11	\$ 79.99	\$ 34.24	\$ 23.87	69.7%	
000235598	PAPER, INKJT, 26#, 36" X 150", COATD	C6020B	\$ 38.42	\$ 48.99	\$ 20.97	\$ 17.45	83.2%	41	\$ 38.23	\$ 48.99	\$ 20.97	\$ 17.26	82.3%	
000849346	TISSUE, TOILET, 2PLY, 80RL/CA	04460-50	\$ 53.49	\$ 86.56	\$ 37.05	\$ 16.44	44.4%	515	\$ 53.78	\$ 86.56	\$ 37.05	\$ 16.73	45.2%	
00410-221	SCREEN, TRIPOD, BRTE, SUPER, 70X70	PT7070SB	\$ 132.30	\$ 286.99	\$ 122.83	\$ 9.47	7.7%	800	\$ 139.54	\$ 286.99	\$ 122.83	\$ 16.71	13.6%	
000566543	SIGN, MATRIX, ENCLOSED, 34X23	S3423	\$ 107.57	\$ 211.95	\$ 90.71	\$ 16.86	18.6%	775	\$ 106.98	\$ 211.95	\$ 90.71	\$ 16.27	17.9%	
000117191	EARPLUG, FOAM, FLGN	ERB14324	\$ 34.20	\$ 54.95	\$ 23.52	\$ 10.68	45.4%	534	\$ 37.44	\$ 54.95	\$ 23.52	\$ 13.92	59.2%	
000907261	SUPER HOT FILE SET, HANGER, SMK	16783	\$ 46.69	\$ 78.12	\$ 33.44	\$ 13.25	39.6%	749	\$ 46.46	\$ 78.12	\$ 33.44	\$ 13.02	39.0%	
000316921	STAMP, XPL N11-324, 11/16" X 2"	1XPN11	\$ 24.99	\$ 25.99	\$ 11.12	\$ 13.87	124.7%	337	\$ 24.99	\$ 29.29	\$ 12.54	\$ 12.45	99.3%	
000544108	TAPE, PACKAGING, SCOTCH®, 36/CA	3750-CS	\$ 133.97	\$ 264.60	\$ 113.25	\$ 20.72	18.3%	271	\$ 133.24	\$ 283.35	\$ 121.27	\$ 11.97	9.9%	
00990-267	INDEX, MAKER, LASER PRTR, 8TAB25	11447	\$ 74.08	\$ 150.78	\$ 64.53	\$ 9.55	14.8%	201	\$ 75.94	\$ 150.78	\$ 64.53	\$ 11.41	17.7%	
000943016	MOUSE, OPTICAL, CORDLESS, LX5	931451-0403	\$ 28.48	\$ 39.99	\$ 17.12	\$ 11.36	66.4%	840	\$ 28.32	\$ 39.99	\$ 17.12	\$ 11.20	65.5%	
00980-839	PUNCH, ELECTRIC, 3HOLE, PLATINUM	74535	\$ 99.47	\$ 201.46	\$ 86.22	\$ 13.25	15.4%	290	\$ 106.00	\$ 221.92	\$ 94.98	\$ 11.02	11.6%	
000334099	STORAGE, ORGNZR, LIT, 24 COMPMT	25041	\$ 45.63	\$ 84.95	\$ 36.36	\$ 9.27	25.5%	256	\$ 46.93	\$ 84.95	\$ 36.36	\$ 10.57	29.1%	
00511-976	FAN, FLOOR, POWER, REMOTE, HOLMES	HAPF622R-UC	\$ 29.41	\$ 54.99	\$ 23.54	\$ 5.87	25.0%	546	\$ 31.79	\$ 54.99	\$ 23.54	\$ 8.25	35.1%	
000957670	BINDER, 3RG, 11 X 8.5, 3"C, W/LH, BLK	WLJ367-49	\$ 24.35	\$ 38.63	\$ 16.53	\$ 7.82	47.3%	176	\$ 24.02	\$ 38.63	\$ 16.53	\$ 7.49	45.3%	
000389248	PADFOLIO, UNDERARM, ZIP, LEATHER	950775	\$ 41.74	\$ 79.99	\$ 34.24	\$ 7.50	21.9%	477	\$ 41.54	\$ 79.99	\$ 34.24	\$ 7.30	21.3%	
000571842	LABELER, DYMO, LEATRATAG PLUS	21455	\$ 26.58	\$ 44.99	\$ 19.26	\$ 7.32	38.0%	246	\$ 26.44	\$ 44.99	\$ 19.26	\$ 7.18	37.3%	
000333875	STORAGE, ORGNZR, LIT, 36 COMPMT	25061	\$ 57.81	\$ 119.95	\$ 51.34	\$ 6.47	12.6%	256	\$ 59.47	\$ 125.97	\$ 53.92	\$ 5.55	10.3%	
00133-587	HEATER, SLIM, ADJ TILT, WHT	HFH441-J	\$ 24.03	\$ 44.99	\$ 19.26	\$ 4.77	24.8%	544	\$ 24.66	\$ 44.99	\$ 19.26	\$ 5.40	28.1%	
00752-831	EYEGLASS, LENS CLOTH, 100/PK	BAL8574GM	\$ 11.11	\$ 14.88	\$ 6.37	\$ 4.74	74.4%	534	\$ 11.60	\$ 14.88	\$ 6.37	\$ 5.23	82.1%	
000313200	MOUSE, WHL, OPTICAL, MICROSOFT	D66-00069	\$ 15.42	\$ 24.95	\$ 10.68	\$ 4.74	44.4%	839	\$ 15.33	\$ 24.95	\$ 10.68	\$ 4.65	43.6%	
000823464	PLATFORM, KBD, ADJUSTBL, SMARTFIT	60700	\$ 69.32	\$ 136.95	\$ 58.61	\$ 10.71	18.3%	846	\$ 62.94	\$ 136.95	\$ 58.61	\$ 4.33	7.4%	
000473954	POCKET, HANGING, OD, 3.5, 10BX, EXP	473954	\$ 29.52	\$ 51.09	\$ 21.87	\$ 7.65	35.0%	136	\$ 29.36	\$ 58.77	\$ 25.15	\$ 4.21	16.7%	
000811776	REST, BACK, MEMORY, OFFICE DEPOT	60804	\$ 25.60	\$ 49.95	\$ 21.38	\$ 4.22	19.7%	849	\$ 25.48	\$ 49.99	\$ 21.40	\$ 4.08	19.1%	
000958445	PROTECTOR, SURGE, 12 OUTLET, ATIVA	BE112234-10-OD	\$ 33.57	\$ 69.99	\$ 29.96	\$ 3.61	12.1%	879	\$ 33.38	\$ 69.99	\$ 29.96	\$ 3.42	11.4%	
000878312	WEBSTERS NEW COLLEGE DICTIONAR	0028634748	\$ 13.10	\$ 24.14	\$ 10.33	\$ 2.77	26.8%	877	\$ 13.57	\$ 24.14	\$ 10.33	\$ 3.24	31.3%	
000849360	DATER, SELF INK, 6 YEAR BAND	010175	\$ 16.92	\$ 33.45	\$ 14.32	\$ 2.60	18.2%	328	\$ 16.84	\$ 33.45	\$ 14.32	\$ 2.52	17.6%	
00615-438	TISSUE, FACIAL, UNSCNTD, 6PK, WHT	34354	\$ 6.70	\$ 9.99	\$ 4.28	\$ 2.42	56.7%	514	\$ 6.66	\$ 10.07	\$ 4.31	\$ 2.35	54.5%	
000525112	PEN, GEL, UNIBALL, 7MM, 12/PK, BLK	33950	\$ 13.35	\$ 27.00	\$ 11.56	\$ 1.79	15.5%	388	\$ 13.75	\$ 27.00	\$ 11.56	\$ 2.19	19.0%	
00691-040	TWIZZLERS, STRAWBERRY, LICORICE	51902	\$ 6.04	\$ 9.95	\$ 4.26	\$ 1.78	41.8%	506	\$ 6.01	\$ 9.95	\$ 4.26	\$ 1.75	41.1%	
000218691	PAD, EASEL, TABLE TOP, POST-IT	563R	\$ 15.49	\$ 30.62	\$ 13.11	\$ 2.38	18.2%	795	\$ 15.42	\$ 32.00	\$ 13.70	\$ 1.72	12.6%	
000597862	PAD, EASEL, 2/CT, RECYCLED	OD07862	\$ 22.65	\$ 55.29	\$ 23.66	\$ (1.01)	-4.3%	794	\$ 23.67	\$ 52.66	\$ 22.54	\$ 1.13	5.0%	
000204392	HL, SHARPIE ACC, RT, ASDT, 8PK	28101	\$ 6.48	\$ 12.63	\$ 5.41	\$ 1.07	19.9%	420	\$ 6.44	\$ 12.63	\$ 5.41	\$ 1.03	19.1%	
000209502	LINER, RECYCLED, 40-45 GAL, 100 CT	RNW4850	\$ 31.28	\$ 85.54	\$ 36.61	\$ (5.33)	-14.6%	554	\$ 36.62	\$ 85.54	\$ 36.61	\$ 0.00	0.0%	
000427019	COMB, 1", PREMIUM MATTE, 100BX, BK	4090316	\$ 37.80	\$ 89.99	\$ 38.52	\$ (0.72)	-1.9%	223	\$ 38.52	\$ 89.99	\$ 38.52	\$ 0.00	0.0%	
000313338	RECEPTICLE, SQ, 23 GAL CAP, GRY	16142	\$ 21.72	\$ 57.80	\$ 24.74	\$ (3.02)	-12.2%	550	\$ 24.74	\$ 57.80	\$ 24.74	\$ 0.00	0.0%	
00450-397	CHAIRMAT, RECTANGLE, 46X60	CM17443F	\$ 159.24	\$ 258.55	\$ 110.66	\$ 48.58	43.9%	707	\$ 110.66	\$ 258.55	\$ 110.66	\$ 0.00	0.0%	
000825307	PUNCH, PAPER, 2-HOLE, 20 SHEET CAP	701N	\$ 6.67	\$ 15.49	\$ 6.63	\$ 0.04	0.6%	294	\$ 6.63	\$ 15.49	\$ 6.63	\$ 0.00	0.0%	
000475676	CHAIRMAT, ECONO, 36X48, STD, LIP	OD64422	\$ 17.30	\$ 41.20	\$ 17.63	\$ (0.33)	-1.9%	706	\$ 17.63	\$ 41.20	\$ 17.63	\$ (0.00)	0.0%	
000348052	ENVELOPE, CAT, 28LB, OE, #1.75, BK	CO650	\$ 24.71	\$ 63.31	\$ 27.10	\$ (2.39)	-8.8%	56	\$ 27.09	\$ 63.31	\$ 27.10	\$ (0.00)	0.0%	
00662-788	BADGE, LANYARD, 10/PK, RED	RTP-024601	\$ 3.15	\$ 6.50	\$ 2.78	\$ 0.37	13.2%	245	\$ 3.14	\$ 7.52	\$ 3.22	\$ (0.08)	-2.4%	
00268-081	BOOK, STENO, RECY, GREGG, 80PG, WHT	74688	\$ 13.94	\$ 41.43	\$ 17.73	\$ (3.79)	-21.4%	82	\$ 17.73	\$ 43.55	\$ 18.64	\$ (0.91)	-4.9%	
000425900	STAPLER, ELECT, 690E, GRY/GRY	69001	\$ 96.15	\$ 208.30	\$ 89.15	\$ 7.00	7.8%	281	\$ 102.39	\$ 242.37	\$ 103.73	\$ (1.34)	-1.3%	
000346459	SHIP, PAD, 10.5 X 16, #5, 100 BX	30515-OD	\$ 39.53	\$ 140.08	\$ 59.95	\$ (20.42)	-34.1%	270	\$ 59.95	\$ 145.19	\$ 62.14	\$ (2.19)	-3.5%	
000305466	PAD, PERF, 8.5X11, OD, LGL RLD, 12P	99401	\$ 4.44	\$ 20.36	\$ 8.71	\$ (4.27)	-49.0%	79	\$ 5.41	\$ 21.68	\$ 9.28	\$ (3.87)	-41.7%	
<b>Totals</b>				<b>\$ 2,758.30</b>	<b>\$ 5,121.14</b>	<b>\$ 2,191.85</b>	<b>\$ 566.45</b>	<b>25.8%</b>		<b>\$ 2,818.51</b>	<b>\$ 5,219.86</b>	<b>\$ 2,234.10</b>	<b>\$ 584.41</b>	<b>26.2%</b>

Dollar Change from June 2007 to February 2008

Percentage Change from June 2007 to February 2008

41 items were overcharged and 9 were undercharged.

38 items were overcharged and 5 were undercharged.

7 items were calculated correct.

Note: Calculated Rate equals Catalog Price less 60% contract discount plus 7% State surcharge.  
Example calculation for the first item:

Catalog Price	\$ 750.95
(Less) 60% Discount	\$ (450.57)
	\$ 300.38
Add 7% state surcharge	\$ 21.03
Calculated Rate	\$ 321.41

# STATE OF NEBRASKA SERVICE CONTRACT AWARD

State Purchasing Bureau  
301 Centennial Mail South, 1st Floor  
Lincoln, Nebraska 68508

OR

P.O. Box 94847  
Lincoln, Nebraska 68509-4847  
Telephone: (402) 471-2401  
Fax: (402) 471-2089

**CONTRACT NUMBER**  
**12174 04**

PAGE 1 OF 2	ORDER DATE 06/15/05
BUSINESS UNIT 65050016	BUYER MARY LANNING

**VENDOR ADDRESS:**

OFFICE DEPOT BUSINESS SVCS  
7101 MERCY RD STE 201  
OMAHA NE 68106-2616

AN AWARD HAS BEEN MADE TO THE VENDOR/CONTRACTOR NAMED ABOVE FOR THE SERVICES AS LISTED BELOW FOR THE PERIOD:

**JUNE 15, 2005 THROUGH MAY 31, 2008**

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

AWARDED FROM RFP NUMBER 672Z1

Contract to provide for Office Supplies for use by all State agencies for a three (3) year period effective June 15, 2005 through May 31, 2008, with the option to renew for two (2) additional one (1) year periods as mutually agreed upon by all parties.

The contract shall incorporate the following previously submitted documents:

1. Contract Award;
2. Any Contract Amendments, in order of significance;
3. Any Request for Proposal Addenda and or Amendments to include Questions and Answers;
4. The original RFP document;
5. The signed Request for Proposal form; and
6. The Contractor's Proposal;

CONTACT: John Russo  
PHONE: 888-438-2822  
FAX: 888-438-7969

Line	Description	Qty	UM	Unit Price	Extended Price
1	general office supplies	1	LO	4,500,000.0	4,500,000.00
Original/Bid Document 672 Z1, Original Line # 1					
<b>Total Order</b>					<b>4,500,000.00</b>

*Mary Lanning*  
BUYER  
*[Signature]*  
MATERIEL ADMINISTRATOR

**STATE OF NEBRASKA**  
Lincoln, Nebraska

**STANDARD CONDITIONS AND TERMS OF CONTRACTUAL SERVICES AND LEASING SOLICITATION AND OFFER**

**It is the responsibility of the bidder to check the website for all information relevant to this solicitation to include addenda and/or amendments issued prior to the opening date. Website address:**

<http://www.das.state.ne.us/materiel/purchasing/purchasing.html>

**SCOPE:** These standard conditions and terms of Request for Proposal for Contractual Services and acceptance apply in like force to this inquiry and to any subsequent contract resulting therefrom.

**EXECUTION:** Proposals must be signed in ink by the bidder on the State of Nebraska's Request for Proposal for Contractual Services form. All proposals must be typewritten or in ink and include the signed State of Nebraska's Request for Proposal for Contractual Services form. Erasures and alterations must be initialed by the contractor in ink. No telephone, facsimile or voice proposals will be accepted. Failure to comply with these provisions may result in the rejection of the proposal.

**PAYMENT:** Payment will be made by the responsible agency in conjunction with the State of Nebraska Prompt Payment Act (Neb. Rev. Stat. §81-2401 through 81-2408). The State may request that payment be made electronically instead of by State warrant.

**COLLUSIVE BIDDING:** The bidder's signature on the State of Nebraska's Request for Proposal for Contractual Services form is a guarantee that the prices quoted have been arrived at without collusion with other eligible bidders and without effort to preclude the State of Nebraska from obtaining the lowest possible competitive price.

**SPECIFICATIONS:** Bidders must submit a proposal in accordance with the Terms and Conditions of the Request for Proposal.

**ALTERNATE TERMS AND CONDITIONS:** The State, at its sole discretion, may entertain alternative terms and conditions which deviate from the Request for Proposal requirements. Alternative terms and conditions may be considered if overall contract performance would be improved but not compromised, and if they are in the best interest of the State of Nebraska. Alternative terms and conditions must be submitted with the proposal and must be clearly identified and detailed in such a way that allows such deviations to be fully evaluated. Alternative terms and conditions are discouraged and unless explicitly accepted by the State are deemed to be rejected.

**PROPOSAL OPENING:** Openings shall be public on the date and time specified in the Request for Proposal. It is the bidder's responsibility to assure the proposal is delivered no later than the designated date, time and place of the proposal opening. Telephone and/or fax proposals are not acceptable. A proposal may not be altered after opening of the proposals.

**LATE PROPOSALS:** Proposals received after the time and date of the proposal opening will be considered late proposals. Late proposals will be returned to the bidder unopened. The State is not responsible for proposals that are late or lost due to mail service inadequacies, traffic or other similar reasons.

**RECYCLING:** Preference will be given to items which are manufactured or produced from recycled material or which can be readily reused or recycled after their normal use as per state statute (Neb. Rev. Stat. §81-15, 159).

**AWARD:** All purchases, leases, or contracts which are based on competitive proposals will be awarded according to the provisions in the Request for Proposal. The State reserves the right to reject any or all proposals, wholly or in part, or to award to multiple bidders in whole or in part. The State reserves the right to waive any deviations or errors that are not material, do not invalidate the legitimacy of the proposal, and do not improve the bidder's competitive position. All awards will be made in a manner deemed in the best interest of the State.

**PERFORMANCE AND DEFAULT:** The State reserves the right to require a performance bond from the successful contractor, as provided by law, without expense to the State. Otherwise, in case of default of the contractor, the State may contract the service from other sources and hold the contractor responsible for any excess cost occasioned thereby.

**NONDISCRIMINATION:** The Nebraska Fair Employment Practice Act prohibits contractors of the State of Nebraska, and their subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions or privileges of employment because of race, color, religion, sex, disability, or national origin (Neb. Rev. Stat. §§48-1101 to 48-1125). The contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The contractor shall insert a similar provision in all subcontracts for services to be covered by any contract resulting from this Request for Proposal.

**DRUG POLICY:** Contractor certifies that it maintains a drug free work place environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

**GRIEVANCE AND PROTEST:** Grievance and protest procedure is available by contacting the buyer. Any Protests must be filed by a vendor within ten (10) calendar days after the intent to award decision is posted to the internet.

**ADDENDUM TO  
REQUEST FOR PROPOSAL  
RFP NUMBER 672Z1**

This Addendum to the Request for Proposal, RFP Number 672Z1, ("Bid") is entered into by and between Office Depot, Inc., ("Contractor") and The State of Nebraska, ("State"), which parties hereby further agree as follows:

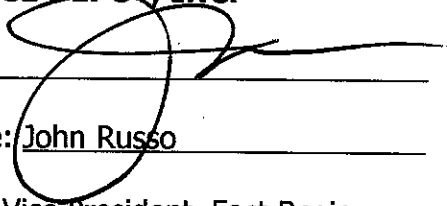
As to Part III, Terms and Conditions:

1. Section E, Insurance Requirements, part 1, Workers' Compensation Insurance, line 8, delete "This policy shall include a waiver of subrogation in favor of the State."
2. Section P, Assignment by the Contractor, line 1, delete "The Contractor shall not" and replace with **Neither party shall**; line 2, delete "State" and replace with **other party**.
3. Section W, Notification, line 3, delete "facsimile, or e-mail"; add new paragraph, **If to Bidder: Office Depot, Inc., 2300 Windy Ridge Pkwy., Ste. 60, Atlanta, GA 30339, Attn: John Russo, Vice President; with a copy to: Office Depot, Inc., 2200 Old Germantown Road, Delray Beach, FL 33445, Attn: Office of the General Counsel.**
4. Section X, Early Termination, add new number 3, **Either party may terminate the contract without cause by providing one-hundred twenty (120) days prior written notice to the other party.**
5. Section Y, Funding Out Clause or Loss of Appropriations, line 10, delete "as of" and replace with **up to and including**.
6. Section EE, Payment, add new paragraph, **Payment terms are net 45.**
7. Section GG, Audit Requirements, 1<sup>st</sup> paragraph, line 1, delete "work performed or monies received" and replace with **the State's account**; line 2, delete "any" and insert **mutually acceptable and**; line 4, delete "five (5)" and replace with **two (2)**; add new sentence **Audits shall not exceed once yearly, unless otherwise agreed to by the parties.**
8. Section LL, Limitation of Liability, delete in its entirety and replace with **EXCEPT FOR (1) CONTRACTOR'S INDEMNIFICATION OBLIGATIONS HEREIN WITH RESPECT TO THIRD-PARTY CLAIMS, AND (2) DAMAGES ARISING AS A RESULT OF CONTRACTOR'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR CONSEQUENTIAL, SPECIAL,**

**INDIRECT OR INCIDENTAL DAMAGES, INCLUDING BUT NOT LIMITED TO ANY DAMAGES RESULTING FROM LOSS OF USE OR PROFITS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER IN AN ACTION BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE) OR ANY OTHER LEGAL THEORY, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

**Conflict:** In the event of a conflict between the terms and conditions of this Addendum and the terms and conditions of the Bid, the terms and conditions of this Addendum shall control.

**OFFICE DEPOT, INC.**

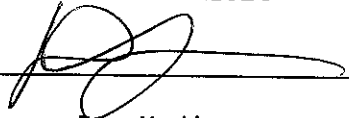
By:  \_\_\_\_\_

Name: John Russo

Title: Vice President, East Region

Date: 6-15-05

**STATE OF NEBRASKA**

By:  \_\_\_\_\_

Name: Don Medinger

Title: DAS Materiel Administrator

Date: 6/20/05



**BUSINESS SERVICES DIVISION**

**ATTACHMENT 2**

**GENERAL DISCOUNT WORKSHEET:**

Proposed Discount For All Other Manufacturers listed in the Bidder's product catalog 60 %

**ATTACHMENT 4 – Office Depot**

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
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**BINDERS**, quality vinyl over heavy weight chip board. Round ring with label with label holder, top quality vinyl, double open/close booster mechanism. Full width pockets. Flat spine, Wilson Jones, 368-NHB series or equivalent. Color-black 11" x 8 1/2" size. Specify manufacture stock number for each size. Sheet lifters included in 1 1/2" and larger capacities.

1	Wilson Jones, 368-NHBA		Binder Capacity 1"	each	.59	1300	767.00
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INDICATE BRAND BIDDING: Wilson Jones

2	Wilson Jones, 368-34NHBA		Binder Capacity 1 1/2" Black	each	.98	500	490.00
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INDICATE BRAND BIDDING: Wilson Jones

3	Wilson Jones, 368-44NHBA		Binder Capacity 2" Black	each	1.14	1000	1,140.00
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INDICATE BRAND BIDDING: Wilson Jones

4	Wilson Jones, 368-49NHBA		Binder Capacity 3" Black	each	1.82	800	1,456.00
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INDICATE BRAND BIDDING: Wilson Jones

**BINDERS** View Non-glare clear vinyl overlay on front, back, and spine. Flat back construction, Minimum one pocket inside front cover. Round ring nickel plated metal with double open/close boosters. Colors - black, blue & white. Size 11" x 8 1/2". Sheet lifters in 1 1/2" and larger capacities. Specify stock numbers for each binder bid. Wilson Jones, 362 or equivalent.

5a	Wilson Jones, 362-14 or equivalent		View Binder Capacity 1" Black	each	.81	2950	2,389.50
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5b	Wilson Jones, 362-14 or equivalent		View Binder Capacity 1" Blue	each	1.24	650	806.00
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5c	Wilson Jones, 362-14 or equivalent		View Binder Capacity 1" White	each	1.24	3750	4,650.00
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INDICATE BRAND BIDDING: Wilson Ones

6a	Wilson Jones, 362-34 or equivalent		View Binder Capacity 1 1/2" Black	each	.97	200	194.00
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6b	Wilson Jones, 362-34 or equivalent		View Binder Capacity 1 1/2" Blue	each	.97	100	97.00
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6c	Wilson Jones, 362-34 or equivalent		View Binder Capacity 1 1/2"	each	.97	1075	1,042.75
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## ATTACHMENT 4 – Office Depot

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
			White				

INDICATE BRAND BIDDING: Wilson Jones

7a	Wilson Jones, 362-44 or equivalent		View Binder Capacity 2" Black	each	1.12	200	224.00
7b	Wilson Jones, 362-44 or equivalent		View Binder Capacity 2" White	each	1.12	800	896.00

INDICATE BRAND BIDDING: Wilson Jones

**BOOKEND**, Steel non-skid soft 9" x 6" x 8 1/2" deep, walnut" x 8 1/2" deep, walnut finish only, non-corrosive finish.

8	MMF241009104 or equivalent		Bookend 9" x 6" x 8 1/2"	pr	1.23	65	79.95
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INDICATE BRAND BIDDING: As Specified

**CLIPS**, Binder, precision made of tempered blue steel with nickel plated wire arms.

9	ACCO, 72020 or equivalent		Small, W 3/4", Cap. 3/8"	box	.10	3245	324.50
10	ACCO, 72050 or equivalent		Medium, W 1 1/4", Cap. 5/8"	box	.23	1840	423.20
11	ACCO, 72100 or equivalent		Large, W 2", Cap. 1"	box	.64	820	524.80

INDICATE BRAND BIDDING: Acco

**CLIPS**, Paper, premium grade silver, non-skid finish.

12	ACCO 72368 or equivalent		No. 1,.041 wire gauge	box	.10	1,450	145.00
13	ACCO 72503 or equivalent		Jumbo, .050 wire gauge	box	.34	160	54.40

INDICATE BRAND BIDDING: Acco

**PAPER CLIP**, MagneILIP, Magnetic dispenser, cube shape, magnetic at top.

14	Acco 72355 or OIC 93690 or equivalent		dispenser cube shape, magnetic top	each	.13	50	6.50
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INDICATE BRAND BIDDING: OIC

**ATTACHMENT 4 – Office Depot**

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
<b>CORRECTION FLUID</b> , Typewriter, solution dries quickly and leaves a smooth surface, approximately 1/2 oz. bottle							

15	Acceptable Brands: Liquid Paper PAP56301 or equivalent		White, for everything (MultiFluid)	each	.44	300	132.00
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INDICATE BRAND BIDDING: As Specified

<b>DESK TRAYS</b> , Snap-Stack Trays. Hi-Impact styrene, won't chip or bend, Color-Black. RECYCLED							
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16	Rubbermaid 46106 or equivalent		Letter size	ea	.40	400	160.00
17	Rubbermaid 58686 or equivalent		Letter size	ea	.80	210	168.00

INDICATE BRAND BIDDING: Rubbermaid

<b>GLUE</b> , Pure white, 4 oz.							
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18	Elmers/Bordens BORE372NR NO SUBSTITUTES.		Pure white 4 oz.	each	.37	250	92.50
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INDICATE BRAND BIDDING: Elmers

<b>GLUE STIKS</b> , Lipstick style applicator, large dries clear, 1 oz. minimum size.							
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19	Avery 00-196 or equivalent		Glue Sticks 1 oz minimum size	each	.67	625	418.75
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INDICATE BRAND BIDDING: Avery

<b>LABELS</b> , File folders, self-adhesive, assorted colors, size -9/16" x 3 7/16". Minimum 248 labels per pack.							
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20a	Avery 5206 or Maco		Lt Blue	pack	.70	25	17.50
20b	Avery 5203 or Maco		Green	pack	.70	100	70.00
20c	Avery 5211 or Maco		Black	pack	.74	50	37.00
20d	Avery 5200 or Maco		Dk Blue	pack	.74	110	81.40
20e	Avery 5205 or Maco		Orange	pack	.70	100	70.00
20f	Avery 5209 or Maco		Yellow	pack	.70	60	42.00
20g	Avery 5209 or Maco		White	pack	.70	110	77.00

## ATTACHMENT 4 – Office Depot

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
20h	Avery 5202 or Maco		Red	pack	.70	225	157.50
20i	Avery 5204 or Maco		Purple	pack	.70	40	28.00

INDICATE BRAND BIDDING: Avery**LETTER OPENER, 9" nickel plated, wide blade**

21	OIC 94909, Sparco 01451 or equivalent		9" nickel plated wide blade	each	.17	70	11.90
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INDICATE BRAND BIDDING: OIC**NOTEBOOKS, STENOGRAPHIC, 6" x 9" Spiral bound, tinted stock, ruled 80 sheet count minimum. RECYCLED**

22	Ampad Green Cycle Tops Recycled or equivalent		6" x 9" spiral bound /ruled 80 sheet	each	.34	2,675	909.50
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INDICATE BRAND BIDDING: Tops**POST-IT NOTES, Special adhesive on back of note that lets you stick note on almost any surface and removes without damage. Canary 100 sheets per pad. RECYCLED**

23	3M brand or equivalent	653RYW	1 1/2" x 2'	each	.12	11,100	1,332.00
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INDICATE BRAND BIDDING: 3M

24	3M brand or equivalent	654R-YW	3" X 3"	each	.30	7,120	2,136.00
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INDICATE BRAND BIDDING: 3M

25	3M brand or equivalent	655R-YW	3" x 5"	each	.51	2,700	1,377.00
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INDICATE BRAND BIDDING: \_\_\_\_\_

26	3M brand or equivalent	660R-YW	4" x 6" ruled	each	.78	2,900	2,262.00
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INDICATE BRAND BIDDING: \_\_\_\_\_

**POST-IT, TAPE FLAGS, Removable yet secure, 1" x 1.7". 3M #680**

27a	Post-It Tape Flags	3M #680	1" x 1.7" Red	pack	1.02	460	469.20
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## ATTACHMENT 4 – Office Depot

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
27b	Post-It Tape Flags	3M #680	1" x 1.7" Green	pack	1.01	375	378.75
27c	Post-It Tape Flags	3M #680	1" x 1.7" Purple	pack	1.33	315	418.95
27d	Post-It Tape Flags	3M #680	1" x 1.7" Yellow	pack	1.01	610	616.10
27e	Post-It Tape Flags	3M #680	1" x 1.7" orange	pack	1.33	275	365.75
27f	Post-It Tape Flags	3M #680	1" x 1.7" Blue	pack	1.33	575	764.75
27g	Post-It Tape Flags	3M #680	1" x 1.7" White	pack	1.33	80	106.40

INDICATE BRAND BIDDING: 3M

**PUNCH, MULTIPLE**, Solid hand lever, heavy duty, can be adjusted to punch 1, 2,3 or 4 holes, 9/32" diameter, chip pan. Cap . 40 sheets, 16 lb paper. Swingline, Master or equivalent. paper.

28	SWI74350 or MAT5325B		1,2,3 or 4 holes punch 9/32" diameter	each	17.93	55	986.15
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INDICATE BRAND BIDDING: Acco - SLINE

**RUBBER BAND**, Highest grade premium pure gum rubber, natural color, first quality elasticity and strength in 1/4# box Acceptable Brand: Plymouth or Alliance series.

29a	Plymouth or Alliance Series		size 19 1/4# pack	pack	.27	265	71.55
29b	Plymouth or Alliance Series		Size 32 1/4# pack	pack	.27	335	90.45

INDICATE BRAND BIDDING: Alliance

**RUBBER CEMENT**

30	Ross #44		Rubber Cement	each	.40	175	70.00
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INDICATE BRAND BIDDING: Ross

**SHEARS**, Strong, lightweight, stainless steel blades, plastic or acrylic handle, 8" min blade length. Fiskar 10137097, Acme 10703

31	Fiskar10137097 or Acme 10703 or equivalent		Shears 8" min blade length	each	1.19	450	535.50
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INDICATE BRAND BIDDING: Fiskars

**STAPLE REMOVER**, First Quality Chrome-plated steel, plastic grips, double jaws.

## ATTACHMENT 4 – Office Depot

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
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32	ACE 76004 or Sparco86000 or equivalent		Chrome plated double jaws	each	.10	335	33.50
INDICATE BRAND BIDDING: <u>Ace</u>							

**STAPLERS**, Quality desk type, black, minimum length 8 1/2", throat depth 4", loads 210 staples prefer solid rubber base. Bostitch #440 or equivalent.

33	Bostitch #440		length 8 1/2" x 4" loads 210 staples	each	2.51	270	677.70
INDICATE BRAND BIDDING: <u>Bostitch</u>							

**STAPLES**, Steel round wire chisel point, packaged in boxes of 5000 each, Crown width 1/2", leg length 1/4" for all standard staplers. Bostitch SBS 19 1/4 CP

34	Bostitch SBS 19 1/4 CP		Chisel point 1/2" x 14"	box	.17	1,900	323.00
INDICATE BRAND BIDDING: <u>Bostitch</u>							

**WASTEBASKETS**, Flexible plastic, office type rectangular, 14 1/2" x 10 1/2"W x 15"H, black. 1/2 carton. Rubbermaid 69176 or equivalent.

35	Rubbermaid #69176 or equivalent		Rectangular 14 1/2" x 10 1/2"W 15"H black	each	.81	250	202.50
INDICATE BRAND BIDDING: <u>Rubbermaid</u>							

**RING BINDER INDEX**, Metal or Mylar reinforced holes, insertable Acetate tabs. Klear Fax or Avery. RECYCLED.

36	Klear Fax KFP1185CL or Avery C12135CL		11" x 8 1/2" Clear 3R, 5 tabs/set	st	.36	3,300	1,188.00
INDICATE BRAND BIDDING: <u>Avery</u>							

37	Keerfax KFP1108COL or Avery C12135C		11" x 8 1/2" Color 3R 5 tabs/set	st	.36	1,130	406.80
INDICATE BRAND BIDDING: <u>Avery</u>							

**SHEET PROTECTORS**, 11" x 8 1/2" protectors, 3 hole non-glare polystyrene or polypropylene, .004 gauge. Avery or Wilson Jones.

**ATTACHMENT 4 – Office Depot**

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
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38	AVE74107 or WLJ21412		11" x 8 1/2" -3 hole-.004 gauge.	box	3.20	100	320.00
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INDICATE BRAND BIDDING: Wilson Jones

**TAPE PRODUCTS, 3M Brand (NO SUBSTITUTES) in accordance with the following descriptions: Please Price by single unit, NOT GROSS**

39	3M Brand (no substitutes)	810	Tape, Transparent, Magic Mending Rolls #810, 3/4 x 1296, 144/case	roll	1.37	5,710	7,822.70
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INDICATE BRAND BIDDING: 3M

39	3M Brand (no substitutes)		Tape, Masking #232, 1 x 60 yes, 36/case	roll	1.32	1,780	2,349.60
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INDICATE BRAND BIDDING: 3M

40	3M Brand (no substitutes)		Dispenser, 3M No. C40, black, 1" Core, 1/bx, 12 bx/cs	each	3.31	135	446.85
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INDICATE BRAND BIDDING: 3M

**FILE FOLDERS, GUIDES, INDEX CARDS, DIVIDERS, AND MISCELLANEOUS ASSOCIATED ITEMS.** Folders, file, vertical, No. 1 grade manila, two-ply reinforcement at top and tab; standard height, prescored base; heavy stock, not less than .011 thick. Smead Brand RECYCLED NO SUBSTITUTES

41	Smead Brand 2-153L NO SUBSTITUTES.		letter size (11 3/4 x 9 1/2)	box	6.89	1,630	11,230.70
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INDICATE BRAND BIDDING: Smead

42	Smead Brand 2-153C NO SUBSTITUTES.		Legal size (14 3/4 x 9 1/2)	box	7.91	250	1,977.50
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INDICATE BRAND BIDDING: Smead

**FOLDERS, Hanging file, heavy grade stock, with angled tabs for 1/3 cut; permanent hanger inserts. RECYCLED**

## ATTACHMENT 4 – Office Depot

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
43	Smead Brand C13H NO SUBSTITUTES		Letter size (11 3/4 x 9 3/8)	box	2.96	250	740.00
44	Smead Brand C23H NO SUBSTITUTES		Legal size (14 3/4 x 9 3/8)	box	5.72	50	286.00
45	Smead Brand C15H 1/5 Cut NO SUBSTITUTES		letter size (11 3/4 x 9 3/8)	box	4.09	200	818.00
46	Smead Brand C25H 1/5 Cut NO SUBSTITUTES		Legal size (14 3/4 x 9 3/8)	box	5.40	50	270.00
INDICATE BRAND BIDDING: Smead							
<b>WALLETS</b> , expanding No. 1 grade heavyweight fiber stock; paper gussets reinforced with cloth at top, tape ties; extra long, prescored flap. Smead Brand. NO SUBSTITUTES. RECYCLED smooth red fiber surface 3 1/2" Expansion. Cloth Tie closure 10/box							
47	Smead Brand 1053EL NO SUBSTITUTES		Letter size (11 3/4 x 9 1/2)	box	14.82	10	148.20
INDICATE BRAND BIDDING: Smead							
48	Smead Brand 1055EL NO SUBSTITUTES		Legal size (15 X 10)	box	14.38	20	287.60
INDICATE BRAND BIDDING:							
<b>FILE POCKETS</b> , No. 1 grade heavy red fiber, 6 1/2" gussets, cloth reinforced at tip, back reinforced with manila fiber liner, packaged 25/box. Smead Brand NO SUBSTITUTES. RECYCLED SMOOTH RED FIBER SURFACE 1 3/4" Expansion							
49	Smead Brand	1514C	Letter size 11 3/4 x 9 1/2 25/box	box	7.83	22	172.26
Smead							
50	Smead Brand	1514CB	Letter size 11 3/4 x 9 1/2	ea	.25	1,100	275.00
INDICATE BRAND BIDDING: Smead							
51	Smead Brand	1516C	legal size 14 3/4 x 9 1/2, 25/box	box	9.57	5	47.85
INDICATE BRAND BIDDING: Smead							
52	Smead Brand	1524E	11 3/4 x 9 1/2, 25/gox, 4box.case	box	10.76	355	3,819.80
INDICATE BRAND BIDDING: Smead							

## ATTACHMENT 4 – Office Depot

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
53	Smead Brand	1526E or 74224	14 3/4 x 9 1.2, 25/box, 4 box/case	box	10.59	175	1,853.25

INDICATE BRAND BIDDING: Smead

**FILE POCKETS**, Two-ply top, reinforced at point of greatest wear. Straight cut 1/2" high tab for detailed indexing. Thumb-out for accessibility. Smead Brand. NO SUBSTITUTES RECYCLED MANILA FIBER 1" Expansion

54	Smead Brand	#2-4910 Manila	Letter size, 11 3/4 x 9 3/4	ea	.14	6,635	928.90
55	Smead Brand	#2-4940 Manila	Legal size, 14 3/4 x 9 1/2	ea	.16	160	25.60

INDICATE BRAND BIDDING: Smead

**FILE POCKETS**, Two-ply top, reinforced at point of greatest wear. Straight cut 1/2" high tab for detailed indexing. Thumb-out for accessibility. Smead Brand. NO SUBSTITUTES RECYCLED MANILA FIBER 2" Expansion

56	Smead Brand	#2-4920	Letter size 11 3/4 x 9 3/4	ea	.21	2,850	598.50
57	Smead Brand	#2-4950	Legal size 14 3/4 x 9 1/2	ea	.23	1,390	319.70

INDICATE BRAND BIDDING: Smead

**CLASSIFICATION FOLDERS**, 20 pt, red pressboard with 2" expansion and plain tab in 2/5 right of center position. Dividers are Kraft fiber tabbed 2nd and 3rd positions of 1/3 cut Fasteners are on short edge of folder 2 3/4 c to c. 10/box. Smead Brand NO SUBSTITUTES. RECYCLED

58	Smead Brand	C402-5A-1D	Letter size	box	9.32	920	8,574.40
59	Smead Brand	C402-5A-2D	Letter size	box	10.74	1,100	11,814.00

INDICATE BRAND BIDDING: Smead

**PORTFOLIOS**, Double inside pockets, glued at center fold grained embossed heavy weight leatherette paper stock, for sheet size 11" x 8 1/2" assorted colors. Smead 486 Series or equivalent. RECYCLED

60a	Smead 486 BE		11" x 8 1/2", light blue	each	.13	2,910	378.30
60b	Smead 486R		11" x 8 1/2" Red	each	.13	4,610	599.30
60c	Smead 486Y		11" x 8 1/2" yellow	each	.13	4,490	583.70



## ATTACHMENT 4 – Office Depot

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
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INDICATE BRAND BIDDING: Smead

**BRIEF COVERS, Double tong fasteners, 11" x 8 1/2", assorted colors, 10 or 25/box. Smead T118 or equivalent. RECYCLED**

61a	Smead T118BE		Brief Covers 11" x 8 1.2" blue	each	.15	470	70.50
61b	Smead T118GN		Brief Covers 11" x 8 1.2" green	each	.15	20	3.00
61c	Smead T118OR		Brief Covers 11" x 8 1.2" orange	each	.20	20	4.00
61d	Smead T118Y		Brief Covers 11" x 8 1.2" yellow	each	.16	20	3.20
61e	Smead T118R		Brief Covers 11" x 8 1.2" red	each	.15	300	45.00
61f	Smead T118W		Brief Covers 11" x 8 1.2" white	each	.15	20	3.00

INDICATE BRAND BIDDING: Smead

**PRESSBOARD BINDERS, Color matched binding strip required, assorted colors. Smead Brand or equivalent. RECYCLED**

62a	Smead BK129		11 x 8 1/2, black	each	.44	340	149.60
62b	Smead DBE129		11 x 8 1/2, dark blue	each	.44	920	404.80
62c	Smead BR129		11 x 8 1/2, Bright red	each	.44	420	184.80
62d	Smead BE129		11 x 8 1/2, light blue	each	.44	530	233.20
62e	Smead BN129		11 x 8 1/2, green	each	.44	470	206.80
62f	Smead R129		11 x 8 1/2, red	each	.44	420	184.80

INDICATE BRAND BIDDING: Smead

**HIGHLIGHTERS, "See Thru" ink, transparent color tip, ink won't penetrate paper, no black out on copy machines, broad tip; yellow, green, blue or pink, 12/box, 12 box/case. Faber Castel, Avery or equivalent.**

63a	Faber Castel, 64326 series, Avery 24000E		Highlighter, Blue	each	.07	550	38.50
63a							
63b	Faber Castel, 64328 series, Avery 24016EA		Highlighter, Yellow	each	.07	60	4.20

INDICATE BRAND BIDDING: Faber Castell

**ATTACHMENT 4 – Office Depot**

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
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**PENS**, marking type, odorless, nontoxic fast-drying ink, w/plastic barrel and cap, assorted colors (red, black, blue) 12/box, Sanford Series or equivalent.

64a	Sanford Series 38011		Pens , Marking type black felt tip	each	.07	450	31.50
64b	Sanford Series 38013		Pens , Marking type blue felt tip	each	.07	240	16.80
64c	Sanford Series 38012		Pens , Marking type red felt tip	each	.07	570	39.90

INDICATE BRAND BIDDING: Sanford

**MARKERS, FINE LINE**, hard plastic point, water soluble, ink never smears, blots or clogs, always flows evenly, dries instantly, airtight cap, metal collar around tip keeps point from spreading. In colors: black, blue or red. Plastic barrel. 12/box, 60 box/case. Pilot Razerpoint, or equivalent.

65a	Pilot Razerpoint, Pil11004		Markers Fine Line blue	each	.36	620	223.20
65b	Pilot Razerpoint, PIL11001		Markers Fine Line black	each	.27	930	251.10
65c	Pilot Razerpoint, PIL11007		Markers Fine Line red	each	.36	780	280.80

INDICATE BRAND BIDDING: Pilot

**MARKERS, BROAD TIPPED** heavy duty, permanent ink, water proof, fast-drying ink capable of writing on plastic, metal, leather, wood, glass, fabric and transparencies. Assorted colors: blue, brown, red, yellow, green, black and others. 12/box, 12 box/case. Sanford Series or equivalent.

66	Sanford series 64291		Markers, Broad Tipped black	each	.08	880	70.40
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INDICATE BRAND BIDDING: Sanford

**MARKERS, PERMANENT**, ultra fine point, non-smearing, water proof, writes on paper, glass, wood, metal, plastic, vinyl and cloth. Sanford Sharpie or equivalent.

67a	Sanford Sharpie 30001ea		Markers, Permanent black	each	.20	6330	1,266.00
67b	Sanford Sharpie 30002ea		Markers, Permanent red	each	.27	300	81.00

INDICATE BRAND BIDDING: Sanford Sharpie

### ATTACHMENT 4 – Office Depot

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
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**BALLPOINT PENS** are to be non-retractable, non-refillable, in fine and medium points with premium ink in black, blue, red color. 12/box. Workmanship shall be first quality in all respects. Papermate 330 Series, Bic or equivalent.

68a	Papermate 33811, Bic		Ball point pens Fine black	dozen	.50	500	250.00
68b	Papermate 33611, Bic		Ball point pens Fine red	dozen	.50	210	105.00
68c	Papermate 33711, Bic		Ball point pens Fine blue	dozen	.50	60	30.00

INDICATE BRAND BIDDING: Papermate as specified

69a	Papermate 33111, Bic		Ball point pens Medium, blue	dozen	.50	845	422.50
69b	Papermate 33211, Bic		Ball point pens Medium, red	dozen	.50	220	110.00

INDICATE BRAND BIDDING: Papermate as specified

**ROLLING BALL PEN**, hard plastic point with steel rolling ball tip produces free flowing fluid liner. Writes through carbons, plastic barrel with metal clip. Black, blue, red. 12/box. Pentel R-100. NO SUBSTITUTES.

70a	Pentel R-100		Rolling Ball Pen blue	each	.23	60	13.80
70b	Pentel R-100		Rolling Ball Pen red	each	.23	60	13.80
70c	Pentel R-100		Rolling Ball Pen black	each	.23	350	80.50

INDICATE BRAND BIDDING: Pentel – As Specified

**STEEL ROLLER BALL AND POINT**, color: black, blue, and red. Non-refillable, 12 pens per box. Sanford or equivalent.

71a	Sanford 60151		Micro 5mm point, black	dozen	5.58	80	446.00
71b	Sanford 60153		Micro 5mm point, blue	dozen	3.68	14	51.52
71c	Sanford 60152		Micro 5mm point, red	dozen	3.68	33	121.44
71d	Sanford 60101		Fine 7mm point, black	dozen	3.68	30	110.40
71e	Sanford 60103		Fine 7mm point, blue	dozen	3.68	21	77.28
71f	Sanford 60102		Fine 7mm point, red	dozen	3.68	10	36.80

INDICATE BRAND BIDDING: Sanford – As Specified

**ALTERNATE:** Steel Roller Ball and point, Colors: Black, blue, red,. Sanford Onyx or equivalent.

### ATTACHMENT 4 – Office Depot

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
72a	Sanford 60040		Fine, 2mm point black	each	.15	1,600	240.00
72b	Sanford 60042		Fine, 2mm point red	each	.15	240	36.00
72c	Sanford 60041		Fine, 2mm point blue	each	.15	408	61.20

INDICATE BRAND BIDDING: Sanford – As Specified

**BALL POINT PEN** retractable, FLEXGRIP. Black & Blue. refillable. Papermate, Bic or equivalent.

73a	Pap85587		Fine point black	each	.31	120	37.20
73b	Pap85588		Fine point blue	each	.23	120	27.60

INDICATE BRAND BIDDING: Papermate – As Specified

74a	Pap85588		Medium point black	each	.31	184	57.04
74b	Pap85586		Medium point blue	each	.31	120	37.20

INDICATE BRAND BIDDING: Papermate – As Specified

**BALL POINT PEN** retractable, FLEXGRIP, black & blue, non-refillable Papermate or equivalent.

75a	Pap64301		Medium point black	dozen	3.34	48	160.32
75b	Pap64101		Medium point blue	dozen	3.34	32	106.88

INDICATE BRAND BIDDING: Papermate – As Specified

**MECHANICAL AUTOMATIC PENCIL**, lead and erasers. Pentel PD345TA Quicker Clicker, NO SUBSTITUTES.

76	Pentel PD345TA		mechanical pencil	each	.74	1,650	1,221.00
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INDICATE BRAND BIDDING: Pentel – As Specified

77	Pentel 505HB		Lead, 0.5mm HB, Pentel, 12/tube		.58		
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INDICATE BRAND BIDDING: Pentel – As Specified

78	Pentel PDE1BP30D3		Eraser, PDE-1, 5/tube 3 tubes/pack		1.76		
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INDICATE BRAND BIDDING: Pentel – As Specified

## ATTACHMENT 4 – Office Depot

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
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**PENCILS**, general writing, Recycled paper with rubber eraser, 12/pkg. Faber EcoWriter, Papermate, earth write or equivalent. RECYCLED.

79	Faber 12242, Pap22017		Pencil #2 med soft	dozen	.31	418	129.58
INDICATE BRAND BIDDING:		Papermate – As Specified					

**ERASERS**, pen pencil and typewriter of the following types: Pencil Cap Eraser, Arrowhead shape, fits any standard pencil. 144/box, 12 box/case. Papermate, Sanford.

80	Pap6464, San02512		Pencil Cap Eraser	dozen	.21	470	98.70
INDICATE BRAND BIDDING:		Papermate – As Specified					

**PADS**, general writing with minimum 20% post consumer waste, canary and white (legal and letter) ruled 3/8" faint, red margin, glue binding; chipboard backing. ACCEPTABLE BRANDS: Ampad Green Cycle, Tops Recycled, Riverside Ecology.

81	Ampad Green Cycle, Tops Recycled, Riverside Ecology		8 1/2 x 11 Canary-gum top	dozen	2.71	1,200	3,252.00
INDICATE BRAND BIDDING:		Tops					

82	Tops Recycled, Riverside Ecology		8 1/2 x 11 White gum-top	dozen	2.71	865	2,344.15
INDICATE BRAND BIDDING:		Tops					

83	Tops Recycled, Riverside Ecology		8 1/2 x 11 3/4 White perforated	dozen	3.47	335	1,162.45
INDICATE BRAND BIDDING:		Tops					

84	Tops Recycled, Riverside Ecology		5 x 8 White perforated	dozen	2.09	326	681.34
INDICATE BRAND BIDDING:		Tops					

**TONERS, HEWLETT PACKARD, IBM AND LEXMARK**

**ATTACHMENT 4 – Office Depot**

ITEM#	MFG NAME	MFG NUMBER	DESCRIPTION	ORDER UNIT	UNIT PRICE	QUANTITY	EXTENDED PRICE
85	HEWLETT PACKARD TONERS, PRINT HEADS		LIST % DISCOUNT OFFERED FROM CATALOG PRICING - ESTIMATED CONTRACT VALUE IS \$500,000.00		45%		

86	IBM/LEXMARK TONERS, PRINT HEADS		LIST % DISCOUNT OFFERED FROM CATALOG PRICING - ESTIMATED CONTRACT VALUE IS \$67,000.00		45%		
----	------------------------------------	--	--	--	-----	--	--

**ADDING MACHINE TAPE**, Smooth finish, white bond with end signal. Size - width 2 1/4", length 150' minimum 16# substance. RECYCLED.

87	PMF-02835 or PMF-02677 or equivalent	Adding machine tape 12 rolls/pack	roll	.14	1630	228.20
INDICATE BRAND BIDDING: <u>PMF</u>						

**BATTERIES**, Standard and Heavy Duty Alkaline

88	Ray-O-Vac AL-D or Eveready EVR 95PB4	D Alkaline 2/pk	pack	1.29	3,500	4,515.00
89	Ray-O-Vac HD-D or Eveready EN95	D Standard Industrial	each	.13	1,640	213.20
90	Eveready EVR EN93	C Alkaline Battery	each	.64	3,864	2,472.96
91a	Eveready EVREN 22EA	9 Volt Alkaline per each	each	1.29	510	657.90
91b	Eveready EN22	9 Volt Alkaline 12/box	box	11.19	202	2,260.38
92a	Eveready EVREN 91EA	AA Alkaline Battery per each	each	.29	6,233	1,807.57
92b	Eveready EVREN 91EA	AA Alkaline Battery 24/box	box	4.69	1,082	5,074.58
93a	Eveready EVREN92EA	AAA Alkaline Battery per each	each	.43	678	291.54
93b	Eveready EVREN 92	AAA Alkaline Battery 24/box	each	.10	622	62.20

INDICATE BRAND BIDDING: Eveready

**RECYCLING CONTAINERS**

94	Rubbermaid Slim Jim Product	#2692-88GR	Bottle & Can recycling top, green	each	4.01	100	401.00
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**ATTACHMENT 4 – Office Depot**

<b>ITEM#</b>	<b>MFG NAME</b>	<b>MFG NUMBER</b>	<b>DESCRIPTION</b>	<b>ORDER UNIT</b>	<b>UNIT PRICE</b>	<b>QUANTITY</b>	<b>EXTENDED PRICE</b>
95	Rubbermaid Slim Jim	Rub 354006	we recycle container, 23 gallons, blue	each	11.79	100	1,179.00

INDICATE BRAND BIDDING: Rubbermaid



**BUSINESS SERVICES DIVISION**

**ATTACHMENT 1**

**SERVICE FEE WORKSHEET:**

Proposed Service Fee =  15  %

If a discounted Service Fee based on payment terms is being proposed, fill in the grid below:

Payment Term	Service Fee
	%
	%
	%
	%

The worksheet provides areas for 4 increments. If more increments are proposed, please indicate what these increments are and the corresponding proposed service fee.

Example Grid:

Payment Term	Service Fee
Prepaid	1%
15 Day	2%
20 Day	3%
30 Day	4%

List All Other Proposed Charges and Fees Below:



**Office DEPOT**  
*Taking Care of Business*



**BUSINESS SERVICES DIVISION**

**ATTACHMENT 2**

**GENERAL DISCOUNT WORKSHEET:**

Proposed Discount For All Other Manufacturers listed in the Bidder's product catalog 60 %

# STATE OF NEBRASKA



Dave Heineman  
Governor

DEPARTMENT OF ADMINISTRATIVE SERVICES  
Lori McClurg  
Director

## ADDENDUM THREE

Date of Addendum:	March 31, 2005
Opening Date and Time:	April 12, 2005 at 2:00 p.m.
Buyer:	Mary Lanning
Solicitation Number:	RFP Number 672Z1

### SCOPE OF ADDENDUM

**RFP 672Z1 has been amended to include the following statement:**

**The awarded contractor will be responsible for incorporating any applicable state surcharges into the prices of the products offered to the contract users.**

**Response:**

Office Depot has the ability to handle any applicable surcharges into the prices of the products offered to the State agency noted contract users noted in this addendum.

**Materiel Division • Don J. Medinger, Administrator**

301 Centennial Mall South • P.O. Box 94847 • Lincoln, Nebraska 68509-4847 • Phone (402) 471-2401 • Fax (402) 471-2089

*An Equal Opportunity/Affirmative Action Employer*

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# ***The State of Nebraska***

## **Office Supply Ordering Manual**

**and**

## **Core Item Catalog**

***2006 - 2007***

***Account # 84041595***

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**CONTRACT NUMBER 12174 (O4)**

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## **OUR COMMITMENT TO YOU**

### **Office Depot Business Services Division**

is committed to providing you quality products,  
at the highest service levels in our industry,  
using customer driven distribution systems.

This is achieved through constant innovation,  
individual initiative and teamwork.

We are determined to operate on the leading  
edge of technology to provide both our external  
and internal customers with the tools and  
information they require to maximize  
efficiencies and reduce cost. We pledge  
to listen and respond with integrity and honesty to  
our customers, our employees and our  
suppliers. We believe by sharing the common  
goal of quality, we can build mutually  
beneficial, long-term relationships that result in  
**partnerships of excellence.**

# Key Phone Number & Contact List

## *OFFICE DEPOT BUSINESS SERVICES DIVISION*

### Customer Service –

The Office Depot Customer Service Department will be able to assist you with product information, stock checks, pricing, order status and help with Special Orders.

**Phone: Toll Free 1-888-463-1600 – Available 8:00 a.m. CT to 5:00 p.m. CT  
(Monday thru Friday)**

**Fax: Toll Free 1-888-813-7272 – Available 24 Hrs. Day  
(7 Days a Week)**

### Administration, Omaha, NE

Account Manager: Mike Molloy

Phone: Omaha 926-0166 Ext. 213 Toll Free 1-888-438-2822 Ext. 213

Fax: Omaha 926-2895 Toll Free 1-888-438-7969

### Distribution, Omaha, NE

Operations Manager: Kim Carlson

Phone: Toll Free 1-888-438-2822 Ext. 204

Fax: Toll Free 1-888-438-7969

## *STATE OF NEBRASKA*

<b><u>Office Supply Bureau</u></b>	<b>Phone</b>	<b>402-471-2412</b>
	<b>Fax</b>	<b>402-471-8029</b>

Angel Mendoza

Dave McGuire – Manager 402-471-2293

**HOW TO PLACE AN ORDER**  
**State of Nebraska Office Supply Contract**

**HOW TO ORDER**

Effective immediately, all State Agencies are to order office supplies from Office Depot Business Services Division. ALL ORDERS ARE TO BE PLACED USING THE INTERNET OR SENT TO OFFICE SUPPLY BUREAU. This section will provide instructions on how to place an order via internet, phone, fax or mail.

**INTERNET ORDERS**

**Internet Ordering is Preferred**  
( <http://bsd.officedepot.com> )

**PHONE ORDERS**

For EMERGENCY ORDERS ONLY.  
Call Office Supply Bureau, 402-471-2412

**FAX ORDERS**

Orders may be placed by fax:

**Fax to 402-471-8029**

Orders accepted Monday through Friday  
( 8 a.m. to 5 p.m. )

**MAIL ORDERS**

To place an order by mail, send to:

State of Nebraska  
Office Supply Bureau  
301 Centennial Mall So.  
Lincoln, NE 68508

**WALK-IN ORDERS**

Contract pricing is **NOT** available through the Office Depot Retail Stores. There is no walk-in service available

## ORDERING INSTRUCTIONS

### State of Nebraska Office Supply Contract

## ORDERING INSTRUCTIONS

Please use the Office Depot Internet Site ( <http://bsd.officedepot.com> ) or the Office Depot Core Item / Blank Order form for easy ordering.

The Core Item Order Form consists of the most-frequently-used items by the State of Nebraska.

Your order must include the required information:

- |  |  |
|--|--|
| <b>1. State Agency Name</b>                          |  |
| <b>2. State Agency Delivery ID No. &amp; Address</b> |  |
| <b>3. Business Unit:</b>                             | Your Business Unit number  |
| <b>4. Requisition Number:</b>                        | Agency's own internal requisition number.  |
| <b>5. Requested By:</b>                              | Your First and Last Name   |
| <b>6. Authorized Signature:</b>                      | For fax orders to Office Supply Bureau   |
| <b>7. Phone Number:</b>                              | Area Code and Number   |
| <b>8. Fax Number:</b>                                | Area Code and Number   |
| <b>9. Date:</b>                                      | Date of Order ( fax orders only )  |
| <b>10. Stock Number(s)</b>                           | Office Depot Products Catalog.<br>Use the <b>six-digit</b> item number.<br>If the item is marked special use the mfgr. product number. Wholesaler catalogs, those used by some local vendors use the manufacturer prefix and product number. |
| <b>11. Quantity:</b>                                 | Order only the unit of measure indicated for the product.  |
| <b>12. Unit:</b>                                     | Unit of measure denotes how the item is sold by Office Depot. All items must be ordered by the unit of measure found on the core item form and the Office Depot Catalog.   |





## “Internet User’s Guide”

### For: The State of Nebraska

Web Site Address:	<a href="http://bsd.officedepot.com">http://bsd.officedepot.com</a>
User Name: ( upper or lower case )	<b>your first and last name</b>
Password: ( upper or lower case )	<b>personal password you selected</b>
Click On	<b>“Order by Item #”</b>
Key In	<b>“Office Depot 6-Digit Item #”; “Quantity” and any Comments needed</b>
When Finished – Click On	Click on either <b>“Checkout”</b> or <b>“View Cart”</b>
Verify Order Information	Click On <b>“Checkout”</b>
Check Additional Order Information	Fill in Ship to ID if delivery address needs to be changed Fill in Contact Name (your name) Fill in your Agency Requisition Number Fill in Business Unit Number if necessary
If above all Correct	Click on <b>“Purchase Now”</b>

**Customer Service**  
**Phone: 1-888-463-1600**

**Internet Help Desk:**  
**(Internet Technical Connection Questions Only)**  
**1-800-269-6888**

**State of Nebraska ORDERING INSTRUCTIONS (continued)**

- CATALOG** The Office Depot Office Products Catalog consists of 14,000 plus items that can be ordered on this contract. All items are available to order except certain furniture items.
- PRICES** Prices shown in the Office Depot BSD catalog, are the Manufacturers' suggested list prices and do **NOT** reflect The State of Nebraska's net price. Prices for stock items may be found on the Internet (<http://bsd.officedepot.com>). Pricing for "Special order" items may be obtained by calling Office Depot's Customer Service Department.
- DELIVERY** Orders for in-stock items received at Office Supply Bureau by 2 p.m. (or 5 p.m. on the Internet) will delivered the next business day to Omaha and Lincoln. Delivery locations that are within 50 miles of Omaha and Lincoln will be delivered only on specific days of the week. All other delivery locations will be delivered in 2-3 days by UPS with NO delivery charges. All orders are delivered with no delivery charges.
- SPECIAL ORDERS** Items marked as "special" from our Office Products Catalog (i.e. custom stamps) may be ordered using the manufacturer's item number. Delivery time for these items may be two days to several weeks. Items not found in our office products catalog may be ordered using the manufacturer's prefix followed by the product number. All special orders not available through the internet must be ordered through the Office Supply Bureau.
- EMERGENCY ORDERS:** In an emergency, an order may be phoned into Office Supply Bureau. This order, if the item(s) are in stock, could be picked up at an Office Depot Retail Store four hours after placing the order. Remember, this is for **EMERGENCY ORDERS ONLY**. Note: the Office Depot Stores do not carry the selection of inventory as our distribution centers do.

## State of Nebraska ORDERING INSTRUCTIONS (continued)

- PACKING LIST** A Packing List will be enclosed in box number one of your order. The box will be marked “Shipping Document Enclosed”. Note the packing list is not an invoice. Orders should be checked against the Packing List immediately after delivery to prevent items from being taken out and used by individuals before they are verified. In the event there is an error please see next section for instructions.
- RETURN POLICY/ & DISCREPANCY PROCEDURES** Returns and Credits will follow the procedure outlined below.
1. Have your packing list in front of you.
  2. Call Office Depot Customer Service at 1-888-463-1600.
  3. Have ready the following information – the order number from the packing list (located in the upper right hand corner of the packing list) and your concern or question.
  4. Office Depot will resolve the concern or problem while you are on the phone.
  5. If you want to return an item you will be given a Return Authorization number. To return items you need to:
    - a. Put item(s) in the original manufacturer box, if available.
    - b. Attach copy of the completed **Return/Discrepancy Form** to the box.
    - c. Attach a copy of the Packing List to the box.
    - d. Merchandise will be picked up where it was delivered. Please have ready for pickup.
    - e. You will receive credit after Office Depot receives the merchandise.
    - f. There is no charge to you for this return process.
- INVOICING** Agencies will continue to receive their monthly INTRASTATE TRANSACTION DOCUMENT along with a copy of the Office Depot Summary Billing for their orders for the month. NO Agency payments are made to Office Depot.
- BACK ORDERS** When an item is temporarily out of stock, the quantity that is backordered will be indicated in the backorder column on the packing list. The item will be delivered as soon as it is available.
- ADDRESS CHANGES/ DELETIONS** If your delivery address has changed since your last order, please contact Office Supply Bureau to update your delivery information.

**STATE OF NEBRASKA  
OFFICE SUPPLY BUREAU / OFFICE DEPOT  
INTERNET SET-UP FORM**

**Web Site:** <https://bsd.officedepot.com/index.do>

**AUTHORIZED AGENT NAME  
(YOUR LOG ON NAME):**

(print)

(first and last name)

**AGENCY NAME:**

**DELIVERY ADDRESS:**

**AGENCY 6-DIGIT NUMBER:**

**BUSINESS UNIT:**

**PHONE NUMBER:**

**E-MAIL ADDRESS:**

**UNIQUE PASSWORD:**

6-10 characters, may be alpha-numeric (combination of letters and numbers)

**RETURN TO:**

DAS Office Supply Bureau  
NSOB, Mall Level  
Phone: 402-471-2412  
Fax: 402-471-8029

The above named Authorized Agent is hereby authorized to purchase supplies from Office Depot and Office Supply Bureau on behalf of the above named agency. It is our understanding that this authorization will remain in effect until written notification to delete this Authorized Agent is received by DAS Office Supply Bureau.

\_\_\_\_\_  
DATE

\_\_\_\_\_  
AGENCY HEAD SIGNATURE OR DESIGNEE

\_\_\_\_\_  
TYPE OR PRINT NAME

## **Office Depot Helps Customers Reduce Costs, Raise Efficiency Through Automated Buying**

To help our customers control the processing costs of purchasing office supplies while adding efficiency, Office Depot was one of the first office products distributors to create a business-to-business electronic commerce Web site that harnesses the formidable power of the Internet as an interactive delivery medium. As a result, Office Depot has revolutionized the way companies and Federal, State and Local governments manage their supply needs. The Web site offers companies and governments that may be hesitant about online buying the opportunity to begin using electronic commerce for low-risk product purchases. In addition, it enables them to lower overall purchasing costs.

The Office Depot private Web site is the centerpiece of an extraordinary Internet catalog and commerce system that enables businesses of all sizes to streamline their purchasing process and contain costs – from virtually any location. Because it is a private site available for use by pre-qualified Office Depot contract customers only, it functions much like an intranet, capable of serving company specific needs. Each company has a unique contract, buying requirements, pricing agreements, warehousing, and shipping profile. With new items and features added regularly, the system provides access to a vast catalog of more than 14,000 Office Depot products, as well as customer-specific items and the availability of Wholesaler products.

The Office Depot Internet system is simple and efficient. Key benefits include:

- ~ Instant access to “live” inventory data for timely information about product availability and order status.
- ~ Open platform through a variety of computers, including PC, Mac, and Unix-based systems, without the need for special software.
- ~ Catalog information resides on the OD server, saving space on customer systems and eliminating maintenance time.
- ~ Catalog Browsing through the Office Depot online catalog.
- ~ Quick Ordering by Item Number.
- ~ Order Tracking and History/Management.
- ~ Agency Purchasing Controls – a user can be defined with the ability to browse the catalog and create an order, but require a second level of authorization to place an order.
- ~ Customer Shopping Lists of frequently ordered items.
- ~ Complete Security and Privacy.

To begin using the Office Depot Business Services Division Web Site (<http://bsd.officedepot.com>) please fill out the Internet application and fax to:

**State of Nebraska, Office Supply Bureau. Fax No. 471-8029.**

## ***THIS SECTION INCLUDES ORIGINAL FORMS***

**( for you to copy as needed )**

**DO NOT WRITE ON YOUR ORIGINALS - MAKE COPIES FROM THESE FORMS**

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### **ORDER FORM**

The Requisition Order Form is a convenient reference for frequently used items. The standard method of ordering is the Internet ( <http://bsd.officedepot.com> ). The core item requisition order form can be found on the Internet site under “My Shopping List”.

Items may be entered from the Paper Requisition form into the internet site using the “Order by Item # tab”.

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### **RETURN/DISCREPANCY FORM**

Use this form for all returns, item shortages, wrong merchandise shipped, damaged products and etc. Please fill out this form completely to ensure proper credit to your Agency.

---

---

# State of Nebraska 84041595

Delivery Address:



Delivery ID No.	
-----------------	--

Requisition Number: \_\_\_\_\_

Requested By: \_\_\_\_\_

Business Unit #:	Authorized	Date:	Phone:
Account Code:	Signature:	Fax:	

**INSTRUCTIONS: INDICATE NUMBER OF UNITS NEEDED. ORDER ONLY IN MULTIPLES OF UNITS SHOWN**

QTY	U/M	ITEM #	DESCRIPTION	QTY	U/M	ITEM #	DESCRIPTION
<b>BATTERIES</b>				<b>DESK ACCESSORIES (CONT)</b>			
	BX	696-526	Battery, Everready, AA, Industrial, 24Bx		EA	221-481	Wastebasket, 28Qt, Black
	BX	445-511	Battery, Everready, AAA, Industrial, 24/Bx		EA	494-708	Container, Slim Jim, We Recycle, Blue
	OP	113-910	Battery, Everready, AA, EnergizerMax, 2/Pk		EA	110-124	Top, Slim Jim Bottle & Can Recy, Green
	BX	696-518	Battery, Everready, 9V, Industrial, 12Bx	<b>FILING SUPPLIES</b>			
	BX	696-559	Battery, Everready, D, Industrial, 12Bx		BX	316-471	Folder, File, Manila, 1/3c, 2ply, Letter, 100/bx ♻️
<b>BINDERS, INDEXES &amp; SHEET PROTECTORS</b>					BX	301-838	Folder, File, Manila, 1/3c, 2ply, Legal, 100/bx ♻️
	EA	356-824	Binder, 3Ring, 11X8.5, 1", LH, Black		BX	314-435	Folder, Hanging File, 1/5c, Legal, Green, 25/bx ♻️
	EA	356-832	Binder, 3Ring, 11X8.5, 1.5", LH, Black		BX	314-310	Folder, Hanging File, 1/5c, Letter, Green, 25/bx ♻️
	EA	356-840	Binder, 3Ring, 11X8.5, 2"C, LH, Black		BX	804-641	Folder, Hanging File, 1/3c, Letter, Green, 25/bx ♻️
	EA	356-857	Binder, 3Ring, 11X8.5, 3"C, LH, Black		BX	804-674	Folder, Hanging File, 1/3c, Legal, Green, 25/bx ♻️
	EA	493-403	Binder, Overlay, Clear, 1", Black		EA	957-035	File Jacket, 1"exp, Letter, Manila ♻️
	EA	878-710	Binder, Overlay, Clear, 1", Blue		EA	957-076	File Jacket, 1"exp, Legal, Manila ♻️
	EA	729-525	Binder, Overlay, Clear, 1", White		EA	957-050	File Jacket, 2"exp, Letter, Manila ♻️
	EA	493-619	Binder, Overlay, Clear, 1.5", Black		EA	957-092	File Jacket, 2"exp, Legal, Manila ♻️
	EA	878-728	Binder, Overlay, Clear, 1.5", Blue		BX	265-181	File Jacket, 1"exp, Letter, Manila, 50/bx ♻️
	EA	729-558	Binder, Overlay, Clear, 1.5", White		EA	535-120	File Pocket, 1.75"exp, Letter ♻️
	EA	493-841	Binder, Overlay, Clear, 2", Black		BX	952-241	File Pocket, 1.75"exp, Legal, 25/bx ♻️
	EA	729-624	Binder, Overlay, Clear, 2", White		BX	917-272	File Pocket, 3.5"exp, Letter, 25/bx ♻️
	ST	933-515	Indexes, Ring Binder, 5 Tab, Clear ♻️		BX	917-290	File Pocket, 3.5"exp, Legal, 25/bx ♻️
	ST	933-507	Indexes, Ring Binder, 5 Tab, Color ♻️		BX	952-250	File Pocket, 1.75"exp, Letter, 25/bx ♻️
	BX	156-223	Sheet Protector, HvyWt, TopLoad, NonGlare		EA	998-658	File Wallet, 3.5"exp, Letter ♻️
<b>CLIPS &amp; STAPLES</b>					EA	991-638	File Wallet, 3.5"exp, Legal ♻️
	BX	808-873	Clip, Paper, #1Reg, Premium, 100Box		EA	307-942	Folder, Classification, 4pt, 2"exp, Red ♻️
	BX	808-899	Clip, Paper, Jumbo, Premium, 100Bx		EA	307-959	Folder, Classification, 6pt, 2"exp, Red ♻️
	BX	808-857	Clip, Binder, Small, 12/Bx		BX	123-272	Folder, Classification, 4pt, 2"exp, Red, 10/bx ♻️
	BX	808-865	Clip, Binder, Medium, 12 Clips/Bx		BX	121-416	Folder, Classification, 6pt, 2"exp, Red, 10/bx ♻️
	BX	963-439	Clip, Binder, Large, 12/Bx		PK	112-334	Label, File Folder, Avery, Lt. Blue, 252/Pk
	BX	207-902	Staple, 1/4", ChiselPt, 5000/Bx		PK	112-326	Label, File Folder, Avery, Green, 252/Pk
<b>DESK ACCESSORIES</b>					PK	112-284	Label, File Folder, Avery, Black, 252/Pk
	PR	913-515	Scissors, 8", Bent, Dove Grey		PK	112-300	Label, File Folder, Avery, Dk. Blue, 252/Pk
	EA	427-111	Staple Remover, Black		PK	112-367	Label, File Folder, Avery, Orange, 252/Pk
	BG	856-225	Rubberbands, #19, 1/4#, 437/Bag		PK	112-409	Label, File Folder, Avery, Yellow, 252/Pk
	BG	856-297	Rubberbands, #32, 1/4#, 237/Bg		PK	112-391	Label, File Folder, Avery, White, 252/Pk
	EA	173-393	Tape, Dispenser, 3M, Deluxe, 1"core, Black		PK	112-318	Label, File Folder, Avery, Dk Red, 252/Pk
	EA	907-659	Clip Dispenser, Small, Square		PK	112-375	Label, File Folder, Avery, Purple, 252/Pk
	EA	908-830	Punch, 3 Hole, Heavy Duty, Black	<b>GLUE</b>			
	EA	349-175	Tray, Desk, Legal, Black ♻️		EA	129-791	Cement, Rubber, 4Oz Btl
	EA	347-690	Tray, Desk, Letter, Black ♻️		EA	910-141	Glue, Elmers, 4Oz, White
	PR	161-059	Bookend, Exec, 6X9"H, Black		EA	910-216	Glue-Stick, Avery, 1.27oz, Clear

# State of Nebraska 84041595

Delivery Address:



Delivery ID No.	
-----------------	--

Requisition Number: \_\_\_\_\_

Requested By: \_\_\_\_\_

Business Unit #:	Authorized	Date:	Phone:
Account Code:	Signature:	Fax:	

**INSTRUCTIONS: INDICATE NUMBER OF UNITS NEEDED. ORDER ONLY IN MULTIPLES OF UNITS SHOWN**

QTY	U/M	ITEM #	DESCRIPTION	QTY	U/M	ITEM #	DESCRIPTION
<b>PAPER &amp; PADS</b>				<b>WRITING INSTRUMENTS (CONT)</b>			
	DZ	419-010	Pad,Gum,Tops,8.5x11,Canary		DZ	149-765	Pen,Uniball,Xfine,Black
	DZ	420-570	Pad,Gum,Tops,8.5x11,White		DZ	149-757	Pen,Uniball,Xfine,Blue
	DZ	795-948	Pad,Legal,Tops,5x8,White		DZ	149-781	Pen,Uniball,Xfine,Red
	DZ	951-910	Pad,Legal,Tops,8.5x11.75,White		DZ	149-724	Pen,Uniball,Fine,Black
	EA	984-419	Pad,Steno,Tops, Gregg,Green,80sht		DZ	149-716	Pen,Uniball,Fine,Blue
	DZ	941-815	Pad,Post-it,Recycled,1.5X2,Yellow		DZ	149-740	Pen,Uniball,Fine,Red
	EA	941-849	Pad,Post-It,Recycled,3X3,Yellow		DZ	664-417	Pen,Uniball,Micro,Onyx,Black
	EA	941-898	Pad,Post-It,Recycld,3X5,Yellow		EA	681-957	Pen,Uniball,Micro,Onyx,Black
	EA	942-011	Pad,Post-It,Recycled,4x6,Yellow		DZ	664-409	Pen,Uniball,Micro,Onyx,Blue
	DZ	969-972	Pad,Post-It,Recycled,3X3,Yellow		EA	681-965	Pen,Uniball,Micro,Onyx,Blue
	DZ	451-310	Paper,Add Rolls,2.25",White		DZ	664-391	Pen,Uniball,Micro,Onyx,Red
	CA	940-650	Paper,Copy,Recyc,8.5x11,White		EA	350-140	Pen,Uniball,Micro,Onyx,Red
<b>REPORT COVERS</b>					DZ	751-171	Pen,Ball Pt,Cmfrtmtgrp,Medium,Ret,Black
	PK	988-071	Portfolio, 2pkt w/fastener,Lt. Green		DZ	751-181	Pen,Ball Pt,Cmfrtmtgrp,Medium,Ret,Blue
	PK	433-573	Portfolio, 2pkt w/fastener,Lt. Blue		DZ	877-530	Highlighter,4009,Blue
	TP	975-716	Portfolio, 2pkt w/fastener, Yellow		DZ	877-514	Highlighter,4009, Yellow
	TP	433-607	Portfolio, 2pkt w/fastener,Red		EA	926-139	Highlighter,Avery,Fl. Blue
	PK	433-615	Portfolio, 2pkt w/fastener,White		EA	926-113	Highlighter,Avery,Fl. Yellow
	BX	981-273	Portfolio,2Pkt,Orange		EA	927-194	Marker,Permanent,Sharpie,Fine,Black
	EA	934-315	Binder, Pressboard w/fastener, Black		DZ	203-349	Marker,Permanent,Sharpie,Fine,Black
	EA	934-331	Binder, Pressboard w/fastener, Dk. Blue		EA	927-202	Marker,Permanent,Sharpie,Fine,Red
	EA	934-380	Binder, Pressboard w/fastener, Exec. Red		DZ	203-356	Marker,Permanent,Sharpie,Fine,Red
	EA	934-323	Binder, Pressboard w/fastener, Lt. Blue		DZ	309-872	Marker,Permanent,Chisel Pt,Black
	EA	934-364	Binder, Pressboard w/fastener, Dk. Green		EA	349-449	Marker,Permanent,Chisel Pt,Black
	EA	934-372	Binder, Pressboard w/fastener, Red		DZ	189-803	Marker,Pen,Razor Point,Black
<b>TAPE &amp; TAPE FLAGS</b>					EA	925-461	Marker,Pen,Razor Point,Black
	RL	173-047	Tape,Magic,3M,3/4X1296		DZ	189-795	Marker,Pen,Razor Point,Blue
	RL	910-588	Tape,Masking,3M,1"X60Yd,		EA	925-479	Marker,Pen,Razor Point,Blue
	OP	452-367	Post-it Flag,Tape,In Disp,2Pk,Red		DZ	189-852	Marker,Pen,Razor Point,Red
	PK	452-391	Post-it Flag,Tape,In Disp,2Pk,Green		EA	925-487	Marker,Pen,Razor Point,Red
	PK	452-425	Post-it Flag,Tape,In Disp,2Pk,Purple		DZ	265-276	Marker,Pen,Porous Point,Black
	OP	452-409	Post-it Flag,Tape,In Disp,2Pk,Yellow		DZ	265-034	Marker,Pen,Porous Point,Blue
	PK	452-417	Post-it Flag,Tape,In Disp,2Pk,Orange		DZ	265-232	Marker,Pen,Porous Point,Red
	PK	452-375	Post-it Flag,Tape,In Disp,2Pk,Blue		BX	181-636	Pen,Ball Pt,Fine,Stick,Black
	PK	810-176	Post-it Flag,Tape,In Disp,2Pk,White		BX	181-610	Pen,Ball Pt,Fine,Stick,Blue
<b>WRITING INSTRUMENTS</b>					BX	181-628	Pen,Ball Pt,Fine,Stick,Red
	DZ	184-580	Pen,Rolling Writer,Black		BX	181-578	Pen,Ball Pt,Medium,Stick,Blue
	EA	924-480	Pen,Rolling Writer,Black		BX	181-586	Pen,Ball Pt,Medium,Stick,Red
	DZ	184-606	Pen,Rolling Writer,Blue		DZ	524-992	Pen,Ball Pt, Flexgrp, Fine, Stick, Black
	EA	924-506	Pen,Rolling Writer,Blue		DZ	527-744	Pen,Ball Pt, Flexgrp, Fine, Stick, Blue
	DZ	184-598	Pen,Rolling Writer,Red		EA	507-776	Pen,Ball Pt, Flexgrp, Medium, Stick, Black
	EA	924-498	Pen,Rolling Writer,Red		EA	507-752	Pen,Ball Pt, Flexgrp, Medium, Stick, Blue
					EA	928-721	Pencil,.5mm,Quickclit,Transparent Smoke
					EA	909-093	Liquid Paper,Multi Purpose,White
					PK	487-348	Eraser,Pencil,Pentel,3Tubes
					PK	206-503	Eraser,Cap,Red,12/Pk







State Of Nebraska
Account # 84041595
RETURN/EXCHANGE/DISCREPANCY FORM

INSTRUCTIONS:

- Please have your packing list ready.
- Call Office Depot Customer Service at 1-888-463-1600.
- Explain if your concern is a return, exchange or discrepancy on your order.
- If you are returning an item Customer Service will give you a Return Order Number that will serve as the Return Authorization Number.
- All returns must be made within 30 days of receipt of the order; shortages must be reported within 5 days
- A copy of this completed form must be attached to any item(s) being returned.
- Do NOT Write or Mark on the items to be returned.

PLEASE COMPLETE THE FOLLOWING:

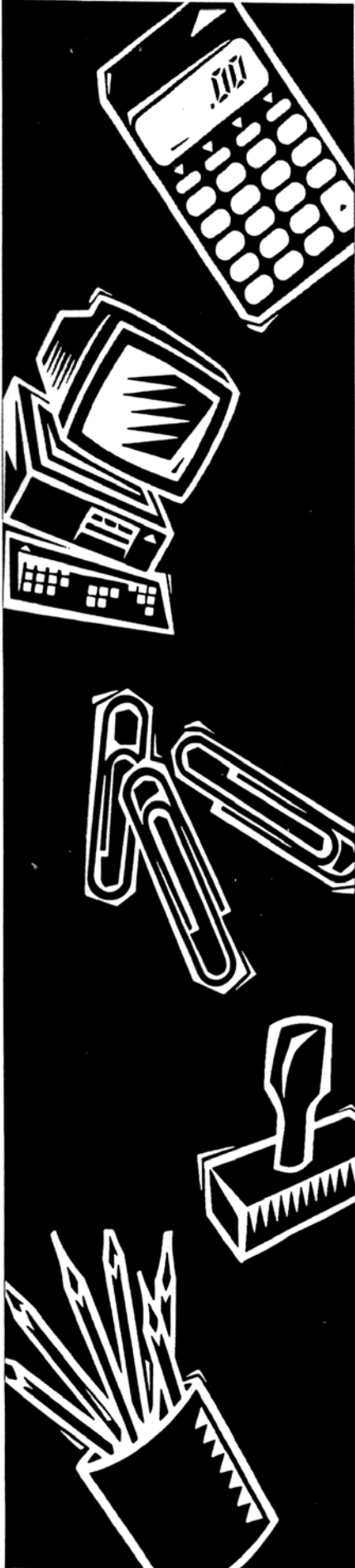
ORDER NUMBER RETURN NUMBER
BUSINESS UNIT YOUR NAME
PHONE NUMBER DATE

Table with 5 columns: QTY, UNIT OF MEASURE, ITEM NUMBER, DESCRIPTION, REASON FOR RETURN #

REASON FOR RETURN/SHORTAGE CODE:

- 1. DEFECTIVE / DAMAGE
2. SHORTAGE
3. WRONG MDSE SHIPPED
4. ORDERED IN ERROR

If Product is Defective or Damaged, do you want an even exchange? YES NO



# STATE OF NEBRASKA

# OFFICE SUPPLIES CATALOG

**Office DEPOT**  
Business Services Division

***PRODUCT INDEX***

**BATTERIES..... 1**

**BINDERS & INDEXES..... 2-3**

**CLIPS & STAPLES..... 4**

**DESK ACCESSORIES..... 5-7**

**FILING SUPPLIES..... 8-9**

**GLUE..... 10**

**PAPER..... 11-12**

**REPORT COVERS..... 13**

**TAPE & TAPE FLAGS..... 14-15**

**WRITING INSTRUMENTS..... 16-20**

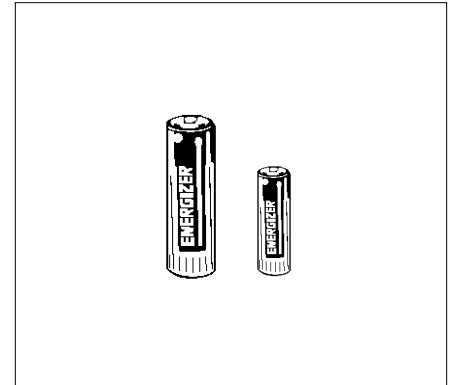
**CORE ITEM PRICE LIST**

# BATTERIES

## Eveready Batteries

Alkaline system is designed to provide an economical power source for today's devices that require high power input and/or frequent use.

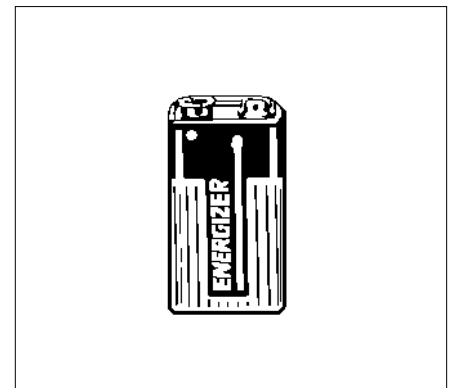
U/M	DESCRIPTION	DEPOT NO.
EA	Size AA, Industrial	834-382
EA	Size AAA, Industrial	828-566



## Eveready Batteries

Alkaline system is designed to provide an economical power source for today's devices that require high power input and/or frequent use.

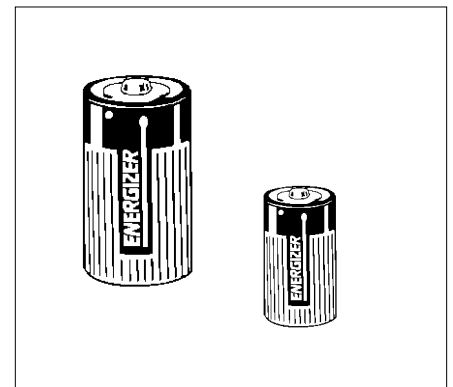
U/M	DESCRIPTION	DEPOT NO.
EA	9 Volt Battery, Industrial	834-374



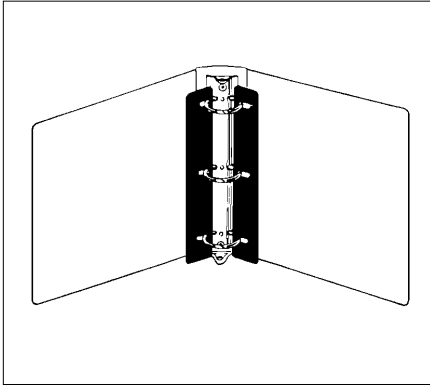
## Eveready Batteries

The "Energizer" alkaline system is designed to provide an economical power source for today's devices that require high power input and/or frequent use.

U/M	DESCRIPTION	DEPOT NO.
EA	Size C, Industrial	834-259
EA	Size D, Industrial	834-200



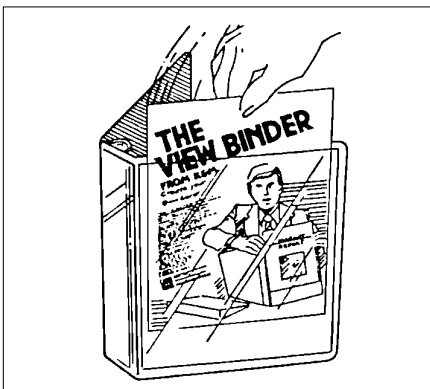
# BINDERS AND INDEXES



## Ring Binders

Top grade suede-finish vinyl electronically sealed over a heavy stiff board. Full width pockets with opening and closing double boosters. Flat back, exposed rivets. 11" x 8-1/2" size with label holders

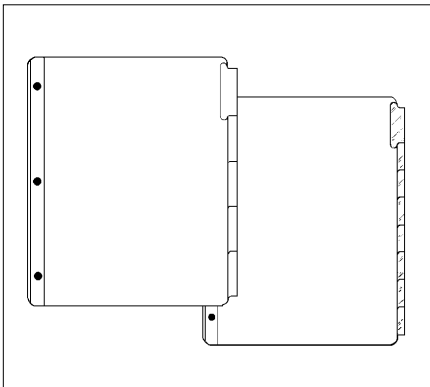
U/M	DESCRIPTION	DEPOT NO.
EA	1" Black, w/Labelholder	356-824
EA	1.5" Black, w/Labelholder	356-832
EA	2" Black, w/Labelholder	356-840
EA	3" Black, w/Labelholder	356-857



## View Binders

Customize binders quickly and economically! Simply insert material of your choice into the clear overlay on the front, back and spine. Two interior pockets. Sheet lifters included in 1-1/2" and larger capacities.

U/M	DESCRIPTION	DEPOT NO.
EA	1" Black	493-403
EA	1" Dark Blue	690-602
EA	1" White	729-525
EA	1.5" Black	493-619
EA	1.5" Dark Blue	878-728
EA	1.5" White	729-558
EA	2" Black	493-841
EA	2" White	729-624



## Tabbed Indexes

Insertable plastic tabs in assorted colors or clear. Reinforced binding edge. Heavyweight buff stock. White ledger stock inserts. 5 tabs. Recycled.

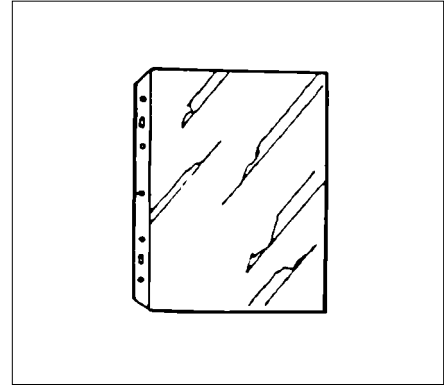
U/M	DESCRIPTION	DEPOT NO.
ST	5 Clear Tabs	221-166
ST	5 Color Tabs	221-175

# BINDERS AND INDEXES, Cont'd

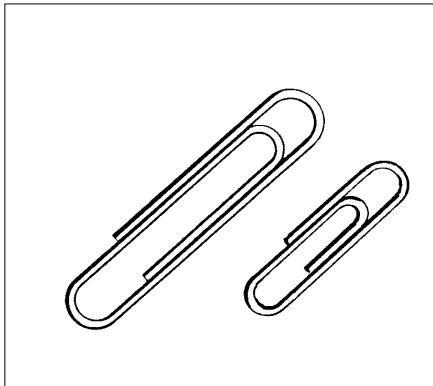
## Sheet Protectors

Top loading sheets come in sections and insert easily into and 3-ring binder. Polypropylene sheets won't lift copy off inserted pages. 3-hole punched.

U/M	DESCRIPTION	DEPOT NO.
BX	Non-Glare, 50/Box	478-206



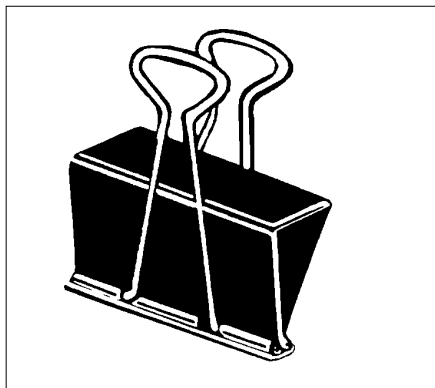
# CLIPS, STAPLES AND RUBBERBANDS



## Paper Clips

Elliptical design drawn wire clips offer greater strength than conventional round wire. Rust resistant. Non-skid.

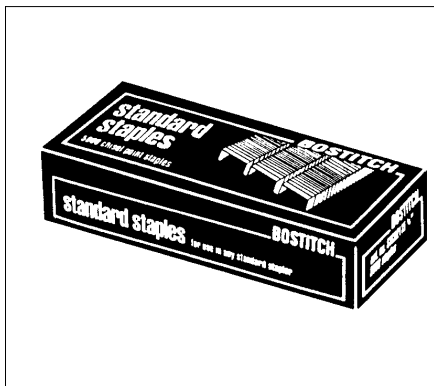
U/M	DESCRIPTION	DEPOT NO.
BX	#1 Regular, 100/Bx	269-276
BX	Jumbo, 100/Bx	207-084



## Binder Clips

Tempered blued steel with nickel plated wire arms. One arm up provides a hanger. Wire arms remove for permanent binding.

U/M	DESCRIPTION	DEPOT NO.
	<i>ACCO Brand</i>	
BX	Small, 3/8" capacity, 12/BX	808-857
BX	Medium, 5/8" capacity, 12/BX	808-865
BX	Large, 1" capacity, 12/BX	963-439
	<i>Office Depot Brand</i>	
BX	Small, 3/8" capacity, 12/BX	429-415
BX	Medium, 5/8" capacity, 12/BX	429-431
BX	Large, 1" capacity, 12/BX	308-957



## Staples

5000 top quality staples. Made of strong round wire with chisel point ends for easy paper penetration.

U/M	DESCRIPTION	DEPOT NO.
BX	Standard	207-902

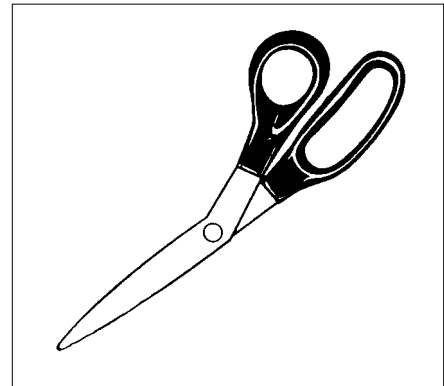


## DESK ACCESSORIES

### Scissors

Stainless steel cutting blades. Designed for left and right handed use. Lightweight and sharp. 8" length.

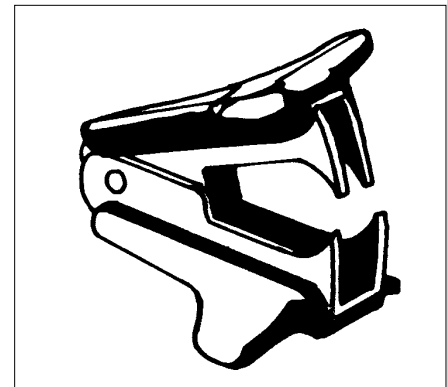
U/M	DESCRIPTION	DEPOT NO.
PR	8" Gray	913-515



### Staple Remover

All steel action with spring. Convenient groove for gripping stubborn staple fragments. Black plastic grips.

U/M	DESCRIPTION	DEPOT NO.
EA	Pinch Type	495-234

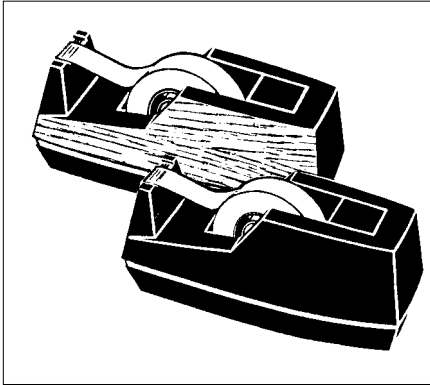


### Staple Remover

All steel action with spring. Convenient groove for gripping stubborn staple fragments. Black plastic grips.

U/M	DESCRIPTION	DEPOT NO.
EA	Pinch Type	495-234

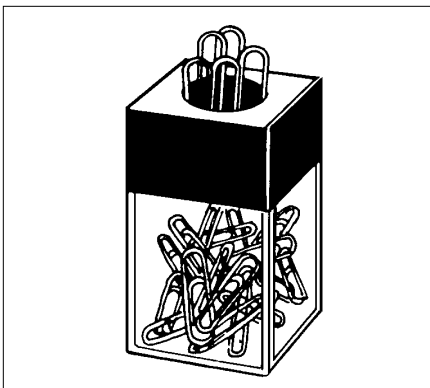
## DESK ACCESSORIES, Cont'd



### Tape Dispenser

With built-in tape drum. Holds tapes up to 3/4" x 36 yds. on a 1" core.

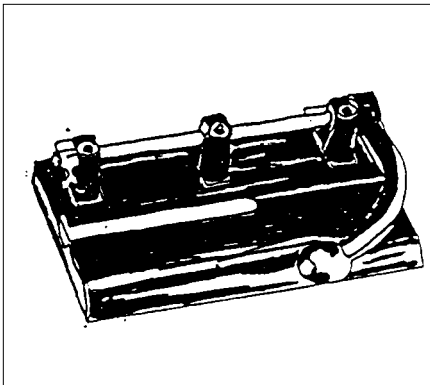
U/M	DESCRIPTION	DEPOT NO.
EA	Deluxe, Black	173-393



### Clip Dispenser

Smoke acrylic body with black magnetic top. Magnet draws clips to top opening for easy dispensing.

U/M	DESCRIPTION	DEPOT NO.
EA	Magnetic, Small, Smoke	907-659



### 3 Hole Punch

Heavy-Duty, adjustable heads for either 2- or 3-hole punching. Punches up to 32 sheets of 20 lb. bond paper. Adjustable paper guide. Full non-mar base. All steel heavy duty construction.

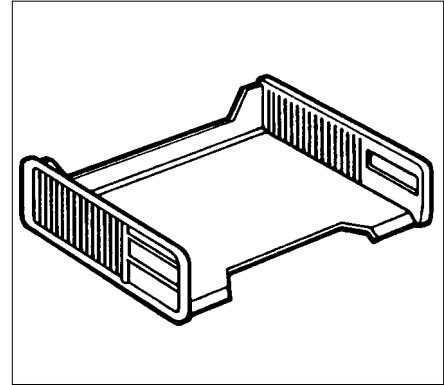
U/M	DESCRIPTION	DEPOT NO.
EA	Heavy Duty, Black	908-830

## DESK ACCESSORIES, Cont'd

### Desk Trays

Side loading trays can be stacked to any height. Molded of sturdy, high-impact styrene. Recycled.

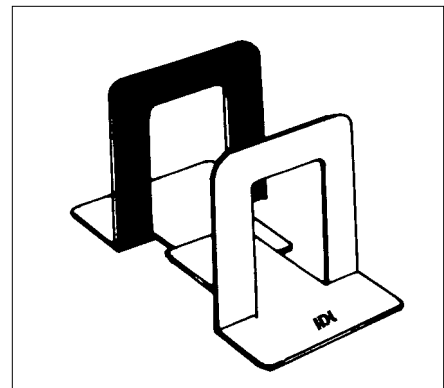
U/M	DESCRIPTION	DEPOT NO.
EA	Letter, Black	347-690
EA	Legal, Black	349-175



### Bookends

Sturdy, black metal bookends with padded bases for no-mar support. 9" high, in pairs only.

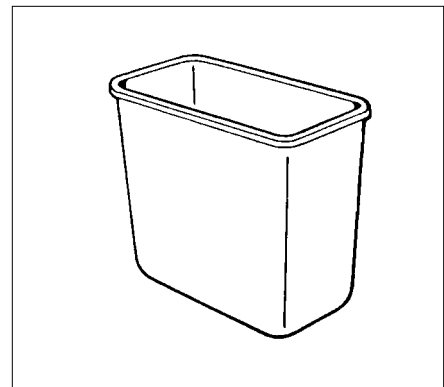
U/M	DESCRIPTION	DEPOT NO.
PR	Walnut	161-059



### Wastebaskets

Made of heavy-duty plastic. Won't mar floors or furniture. Seamless construction is rust-proof, easy to clean and won't crack or dent. 28 quart capacity. 15"h x 14-3/8" x 10-1/4".

U/M	DESCRIPTION	DEPOT NO.
EA	Rectangular, Black	221-481

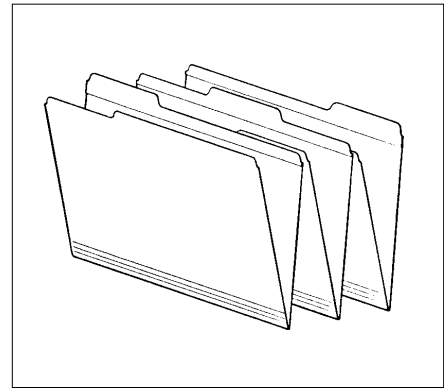


# FILE FOLDERS

## File Folders

2-ply tabs give you extra strength where you need it most. 1/3 cut assorted tab positions. Heavyweight 11 pt. manila. Recycled, contains 10% post-consumer waste. 100 per box.

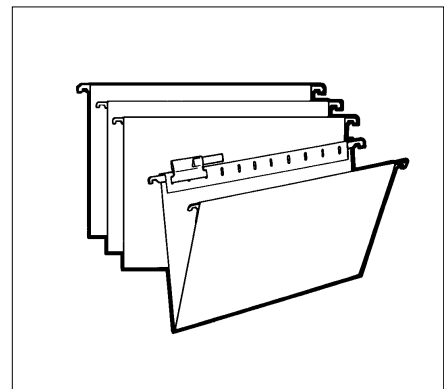
U/M	DESCRIPTION	DEPOT NO.
BX	Letter, 1/3 Cut, 100/Bx	316-471
BX	Legal, 1/3 Cut, 100/Bx	301-838



## Hanging Folders

Two-tone green folders with coated rod tips allow smooth glide. Clear vinyl tabs with inserts can be positioned in a variety of locations. Recycled, contains 10% post-consumer waste. 25 per box.

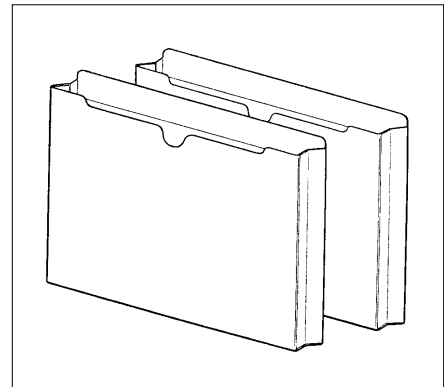
U/M	DESCRIPTION	DEPOT NO.
	<i>Smead Brand</i>	
BX	Letter, 1/5 Cut, 25/Bx	314-310
BX	Legal, 1/5 Cut, 25/Bx	314-435
	<i>Office Depot Brand</i>	
BX	Letter, 25/Bx	810-994
BX	Legal, 25/Bx	811-018



## File Jackets

Full height, closed side jackets keep materials from slipping out. Heavy weight 11 pt. manila. 10% post-consumer waste. Recycled.

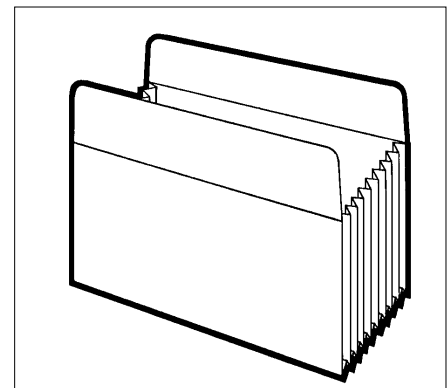
U/M	DESCRIPTION	DEPOT NO.
EA	1" Exp. Letter	957-035
EA	1" Exp. Legal	957-076
EA	2" Exp. Letter	957-050
EA	2" Exp. Legal	957-092



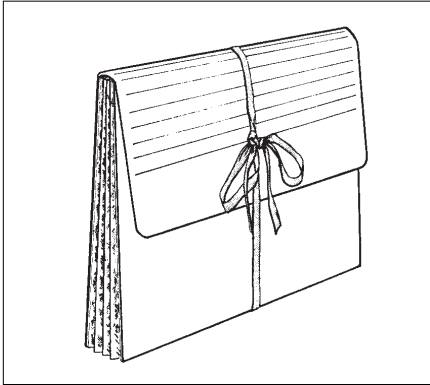
## File Pockets

Tyvek reinforced sides are virtually tear-proof. Classic redrope color. 10% post-consumer waste. Recycled.

U/M	DESCRIPTION	DEPOT NO.
EA	1 3/4" Exp. Letter	535-120
EA	1 3/4" Exp. Legal	534-990
EA	3 1/2" Exp. Letter	992-701
EA	3 1/2" Exp. Legal	992-693



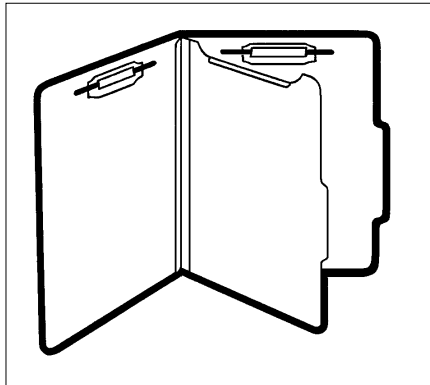
# FILING SUPPLIES, Cont'd



## Wallets

Two-ply reinforced front and back for extra strength and protection. Tape ties easily adjust for wallet expansion. Recycled.

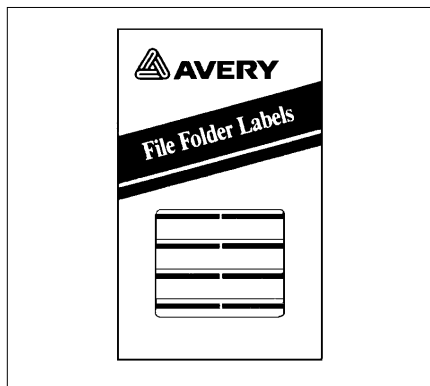
U/M	DESCRIPTION	DEPOT NO.
EA	1 3/4" Expansion	192-922
EA	3 1/2" Expansion	996-918



## Classification Folders

Partitions allow subdivision of paperwork in one file. 25 pt. press-board covers with durable 17 pt. kraft partitions. Covers tabbed 2/5 cut right of center, kraft partitioned tabbed 1/3; 2" expansion 25% post-consumer waste. Recycled.

U/M	DESCRIPTION	DEPOT NO.
EA	1 Division	307-942
EA	2 Division	307-959



## File Folder Labels

Colored, self-adhesive labels for handy color-coding. Eight labels per sheet, 248 labels per box.

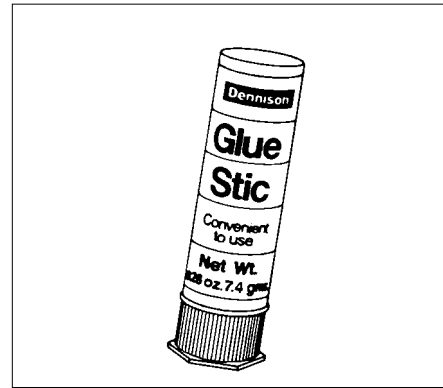
U/M	DESCRIPTION	DEPOT NO.
	<i>Avery Brand</i>	
PK	Light Blue	112-334
PK	Green	112-326
PK	Black	112-284
PK	Lavender	112-342
PK	Dark Blue	112-300
PK	Orange	112-367
PK	Yellow	112-409
PK	White	112-391
PK	Dark Red	112-318
PK	Purple	112-375

# GLUE

## Glue Stick

Odorless white glue bonds paper and cardboard, mounts photos.  
Non-toxic, child-safe, washes out with water.

U/M	DESCRIPTION	DEPOT NO.
EA	1 Oz.	910-216



## Glue

All-purpose glue dries clear, bonds strongly. Plastic bottle with applicator tip.

U/M	DESCRIPTION	DEPOT NO.
EA	4 Oz.	284-844



## Rubber Cement

Artist's quality for wrinkle-free pasting. Holds paper tight and flat, yet may be peeled apart for repositioning.

U/M	DESCRIPTION	DEPOT NO.
EA	4 Oz.	129-791

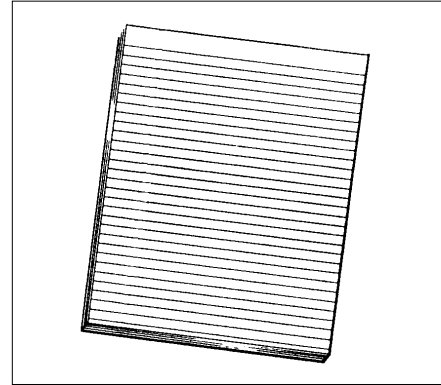


# PAPER

## Gummed Top Pads

Second Nature recycled pads feature professional quality. 60% recycled 15-lb. paper with a minimum of 30% post-consumer waste. 8-1/2" x 11" pads. Contains sturdy chipboard backing. 50 sheets per pad.

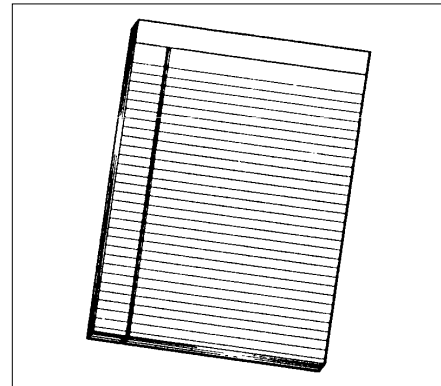
U/M	DESCRIPTION	DEPOT NO.
EA	Canary	941-468
EA	White	941-427



## Perforated Pads

Second Nature recycled pads feature professional quality. 60% recycled 15 lb. paper with a minimum of 30% post-consumer waste. Pads contain a sturdy 28-point recycled chipboard backing and are perforated for clean, easy sheet removal. Legal ruled. 50 sheets per pad.

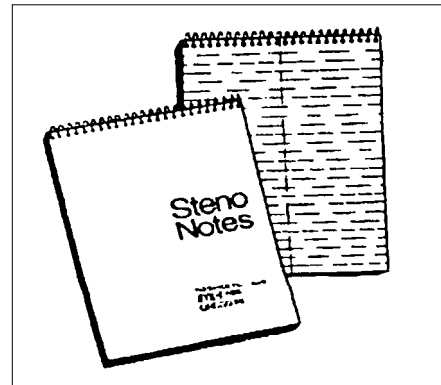
U/M	DESCRIPTION	DEPOT NO.
EA	5 x 8, White	941-286
EA	8-1/2 x 11-3/4, White	941-294



## Steno Book

Second Nature steno book. 60% recycled paper with a minimum of 30% post-consumer waste. 15-lb. paper. 24-point chipboard backing. 6" x 9"

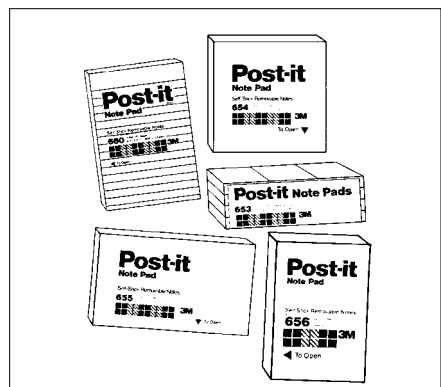
U/M	DESCRIPTION	DEPOT NO.
EA	6 x 9, White	942-219



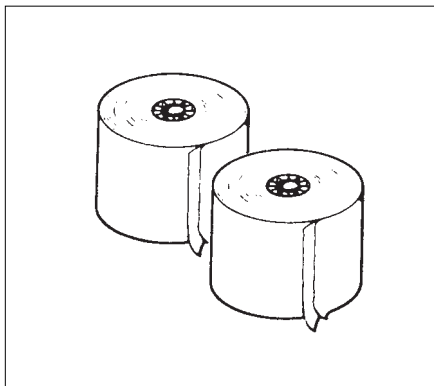
## Post-It Notes

Self-adhesive, removable, repositionable note pads. 100% recycled paper fiber, 15% post-consumer waste. 100 sheets per pad. Yellow.

U/M	DESCRIPTION	DEPOT NO.
DZ	1 1/2 x 2, Yellow	941-815
EA	3 x 3, Yellow	941-849
EA	3 x 5, Yellow	941-898
EA	4 x 6, Ruled, Yellow	942-011



# PAPER, Cont'd



## Add Roll Paper

Recycled white paper. Standard 2 1/2" x 150' roll. End-of-roll indicators.

U/M	DESCRIPTION	DEPOT NO.
RL	2 1/4 x 150'	965-137

## Rapid Letters

Three part NCR—white original, yellow duplicate, pink triplicate. Two color design. Detached size 8-1/2" x 7". 50 sets per pack.

U/M	DESCRIPTION	DEPOT NO.
PK	3 Part	223-164

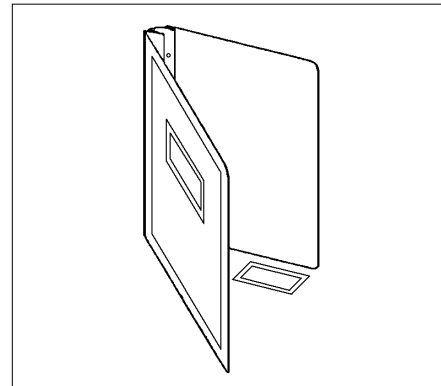


# REPORT COVERS

## Brief Covers

Leatherette finish with embossed title panel and border. Built-in tang fasteners, 1/2" capacity. Gummed label included. Holds 8-1/2" x 11" sheets. 10 per pack. Recycled.

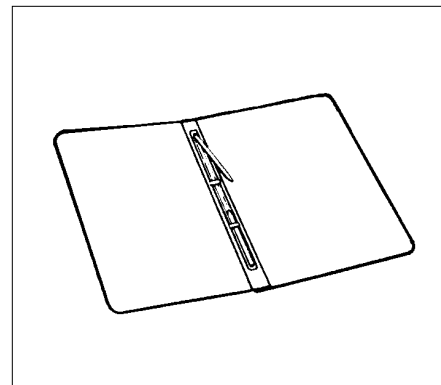
U/M	DESCRIPTION	DEPOT NO.
PK	Black	433-524
PK	Dark Blue	433-532
PK	Green	948-943
PK	Gray	433-565
PK	Yellow	948-976
PK	Red	433-540
PK	White	948-950



## Pressboard Binders

Genuine 20 pt. pressboard covers with cloth hinge for extra durability. Ideal for all looseleaf records, in a variety of sizes. Furnished with embossed title panel and gold border label. Recycled.

U/M	DESCRIPTION	DEPOT NO.
EA	Black	934-315
EA	Dark Blue	934-331
EA	Executive Red	934-380
EA	Gray	934-349
EA	Dark Green	934-364
EA	Red	934-372
EA	Yellow	993-501



# TAPE AND TAPE FLAGS



## Magic Tape

Frosted tape becomes invisible when applied to most surfaces. Can be written on and moisture resistant. 1" core.

U/M	DESCRIPTION	DEPOT NO.
RL	3/4" x 1296"	173-047



## Masking Tape

Highly versatile masking tape with dozens of uses. Strong and resistant to stains. Smooth and thin for maximum conformability.

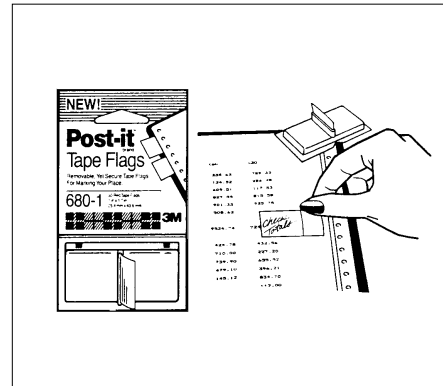
U/M	DESCRIPTION	DEPOT NO.
RL	1" x 60 yd.	998-062

# TAPE AND TAPE FLAGS, Cont'd

## Post-It Tape Flags

50% recycled paper with minimum of 10% post-consumer waste.  
 15 lb. paper, 30 lb. kraft backing.

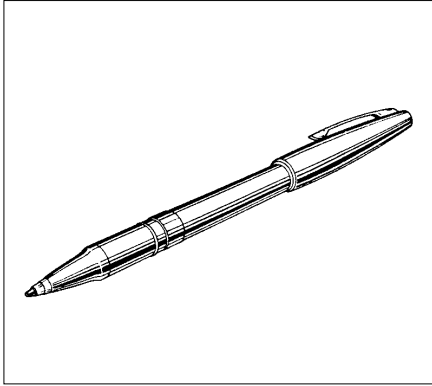
U/M	DESCRIPTION	DEPOT NO.
PK	Red, 2 pack	452-367
PK	Green, 2 pack	452-391
PK	Purple, 2 pack	452-425
PK	Yellow, 2 pack	452-409
PK	Orange, 2 pack	452-417
PK	Blue, 2 pack	452-375
PK	White, 2 pack	810-176



# WRITING INSTRUMENTS

## Pentel Rollerball Pens

The original rolling writer with a ball tip that rides in a plastic cushion socket to regulate the rich liquid ink flow. 0.4mm writeout. Barrel color is color of ink.



U/M	DESCRIPTION	DEPOT NO.
EA	Black, Fine	924-480
EA	Blue, Fine	924-506
EA	Red, Fine	924-498

## Papermate Rollerball Pens

The smooth, fine-writing roller pen with a durable metal point that writes easily through carbon. Writes without smudging or smearing.



U/M	DESCRIPTION	DEPOT NO.
EA	X-Fine, Black	664-219
EA	X-Fine, Blue	664-227
EA	X-Fine, Red	664-201
EA	Fine, Black	664-235
EA	Fine, Blue	664-193
EA	Fine, Red	664-243

## Faber Rollerball Pens

Durable metal roller point with precision tungsten ball. Slim matte black barrel with matching cap and clip. Uniball onyx.



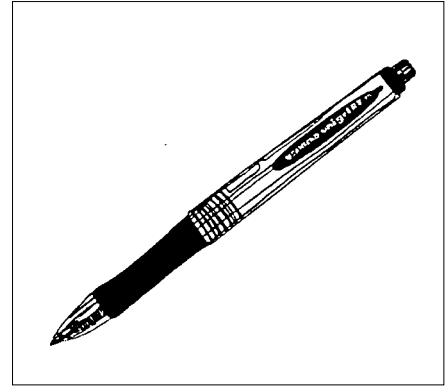
U/M	DESCRIPTION	DEPOT NO.
EA	Black, Micro	681-957
EA	Blue, Micro	681-965
EA	Red, Micro	350-140

# WRITING INSTRUMENTS, Cont'd

## Retractable Rollerball Pen

The first retractable gel ink product. Large comfortable barrel and cushioned rubber grip enhance writing comfort.

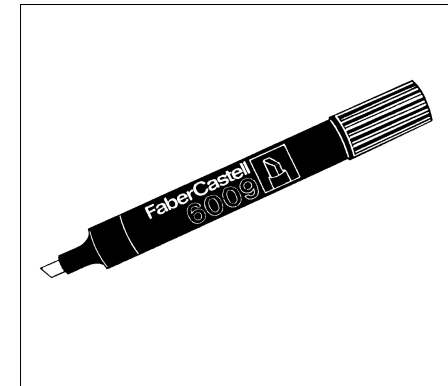
U/M	DESCRIPTION	DEPOT NO.
EA	Rollerball, Retractable, Uni-Gel, Fine, Black	328-603



## Highlighters

Sculptured, chisel nib marks bold, medium and narrow for crisp highlighting. Transparent ink in bright, attention-getting colors.

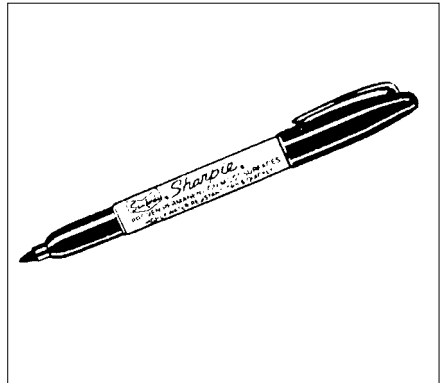
U/M	DESCRIPTION	DEPOT NO.
EA	Yellow	659-722
EA	Blue	659-748
EA	Pink	659-730
EA	Green	659-755



## Bullet Tip Permanent Marker

Sharpie® permanent waterproof markers for writing on all surfaces. No odor.

U/M	DESCRIPTION	DEPOT NO.
EA	Black, Fine	927-194



## Chisel Tip Permanent Marker

Papermate permanent, water resistant, smearproof markers for writing on all surfaces. Color coded gripping area.

U/M	DESCRIPTION	DEPOT NO.
EA	Black	927-046



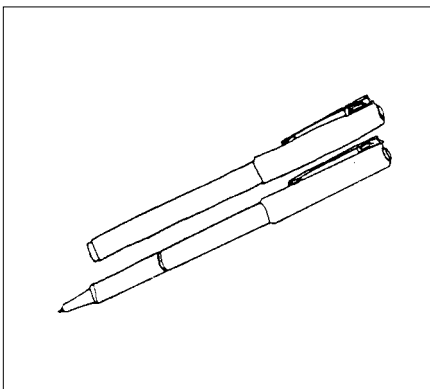
# WRITING INSTRUMENTS, Cont'd



## Hard Point Flair Pen

Polypropylene barrel and cap features an acetal resin point inside a plated brass holder. 0.8mm point with water base ink for a very fine line.

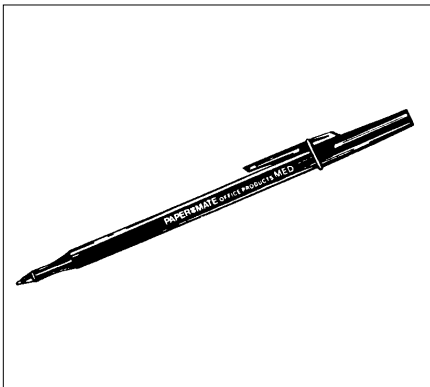
U/M	DESCRIPTION	DEPOT NO.
EA	Blue, X-fine	925-511
EA	Black, X-fine	925-537
EA	Red, X-fine	925-529



## Flair Pen

Fiber tip, washable ink flair pen. Barrel color matches ink color.

U/M	DESCRIPTION	DEPOT NO.
EA	Black	925-719
EA	Blue	925-735
EA	Red	925-727



## Papermate Stic Pens

An economical pen for all-purpose use. Solid barrel; cap with plastic clip. 12 per box. Non-refillable.

U/M	DESCRIPTION	DEPOT NO.
DZ	Fine, Black	181-636
DZ	Fine, Blue	181-610
DZ	Fine, Red	181-628
DZ	Medium, Black	181-594
DZ	Medium, Blue	181-578
DZ	Medium, Red	181-586

# WRITING INSTRUMENTS, Cont'd

## Bic Soft Feel Pens

A retractable pen with the writing comfort of a cushioned barrel and ringed writing grip. Top plunger advances or retracts a medium ball-point tip.

U/M	DESCRIPTION	DEPOT NO.
EA	Fine, Black	218-802
EA	Fine, Blue	218-839
EA	Medium, Black	925-008
EA	Medium, Blue	924-993

## Quicker-Clicker Automatic Pencil

Uniquely-styled automatic pencil features a .5mm fixed sleeve, insta-feed side lead advance, large eraser and 12-lead chamber capacity. Includes six 0.5mm Super Hi-Polymer leads.

U/M	DESCRIPTION	DEPOT NO.
EA	Pencil, Clicker, .5mm, Smoke	928-721

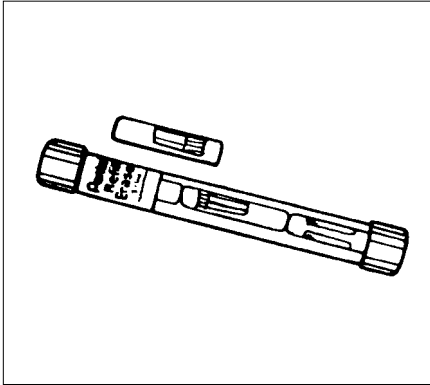


## Super Hi-Polymer Refill Leads

Formulated with a synthetic resin that replaces clay as a bonding agent. Provides a darker imprint for more contrast and easier reading. Smoother, more uniform lines resist smearing and fading. 12 leads per tube.

U/M	DESCRIPTION	DEPOT NO.
TB	Super High Polymer Lead, .5mm, HB	929-364
TB	High Polymer Lead, .5mm, HB	696-419

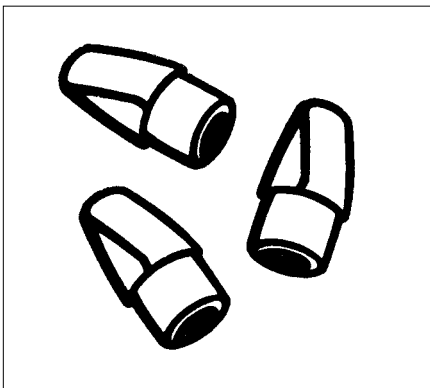
## WRITING INSTRUMENTS, Cont'd



### Pental Quicker-Clicker Erasers

For Pental Quicker-Clicker, Forte and Econo-Sharp pencils. 5 per tube. 3 tubes per pack.

U/M	DESCRIPTION	DEPOT NO.
PK	Eraser Refill, Mech. Pencil	487-348



### Arrowhead Eraser Caps

Wedge-shaped rubber cap fits any standard pencil. One dozen.

U/M	DESCRIPTION	DEPOT NO.
DZ	Eraser, Pencil Cap, Red, Dz/Bag	234-922





### State of Nebraska Core Item Price List

ITEM #	DESCRIPTION	PRICE	U/M
<b>BATTERIES</b>			
696-526	Battery, Everready, AA, Industrial, 24Box	5.80	BX
445-511	Battery, Everready, AAA, Industrial, 24/Bx	2.29	BX
113-910	Battery, Everready, AA, EnergizerMax, 2/Pk	0.71	OP
696-518	Battery, Everready, 9V, Industrial, 12Bx	13.84	BX
696-559	Battery, Everready, D, Industrial, 12Bx	1.94	BX
<b>BINDERS &amp; INDEXES</b>			
356-824	Binder, 3Ring, 11X8.5, 1", LH, Black	0.73	EA
356-832	Binder, 3Ring, 11X8.5, 1.5", LH, Black	1.22	EA
356-840	Binder, 3Ring, 11X8.5, 2"C, LH, Black	1.41	EA
356-857	Binder, 3Ring, 11X8.5, 3"C, LH, Black	2.25	EA
493-403	Binder, Overlay, Clear, 1", Black	1.00	EA
878-710	Binder, Overlay, Clear, 1", Blue	1.54	EA
729-525	Binder, Overlay, Clear, 1", White	1.54	EA
493-619	Binder, Overlay, Clear, 1.5", Black	1.20	EA
878-728	Binder, Overlay, Clear, 1.5", Blue	1.20	EA
729-558	Binder, Overlay, Clear, 1.5", White	1.20	EA
493-841	Binder, Overlay, Clear, 2", Black	1.39	EA
729-624	Binder, Overlay, Clear, 2", White	1.39	EA
933-515	Indexes, Ring Binder, 5 Tab, Clear ♻️	0.44	ST
933-507	Indexes, Ring Binder, 5 Tab, Color ♻️	0.44	ST
156-223	Sheet Protector, HvyWt, TopLoad, NonGlare	3.96	BX
<b>CLIPS &amp; STAPLES</b>			
808-873	Clip, Paper, #1Reg, Premium, 100Box	0.13	BX
808-899	Clip, Paper, Jumbo, Premium, 100Bx	0.42	BX
808-857	Clip, Binder, Small, 12/Bx	0.13	BX
808-865	Clip, Binder, Medium, 12 Clips/Bx	0.28	BX
963-439	Clip, Binder, Large, 12/Bx	0.80	BX
207-902	Staple, 1/4", ChiselPt, 5000/Bx	0.22	BX
<b>DESK ACCESSORIES</b>			
913-515	Scissors, 8", Bent, Dove Grey	1.47	PR
427-111	Staple Remover, Black	0.13	EA
856-225	Rubberbands, #19, 1/4#, 437/Bag	0.33	BG
856-297	Rubberbands, #32, 1/4#, 237/Bg	0.33	BG
173-393	Tape, Dispenser, 3M, Deluxe, 1" core, Black	4.10	EA
907-659	Clip Dispenser, Small, Square	0.16	EA
908-830	Punch, 3 Hole, Heavy Duty, Black	22.17	EA
349-175	Tray, Desk, Legal, Black ♻️	0.99	EA
347-690	Tray, Desk, Letter, Black ♻️	0.49	EA
161-059	Bookend, Exec, 6X9"H, Black	1.52	PR
221-481	Wastebasket, 28Qt, Black	1.00	EA
494-708	Container, Slim Jim, We Recycle, Blue	14.58	EA
110-124	Top, Slim Jim Bottle & Can Recy, Green	4.96	EA
<b>FILING SUPPLIES</b>			
316-471	Folder, File, Manila, 1/3c, 2ply, Letter, 100/bx ♻️	8.52	BX
301-838	Folder, File, Manila, 1/3c, 2ply, Legal, 100/bx ♻️	9.78	BX
314-435	Folder, Hanging File, 1/5c, Legal, Green, 25/bx ♻️	6.68	BX
314-310	Folder, Hanging File, 1/5c, Letter, Green, 25/bx ♻️	5.05	BX
804-641	Folder, Hanging File, 1/3c, Letter, Green, 25/bx ♻️	3.66	BX
804-674	Folder, Hanging File, 1/3c, Legal, Green, 25/bx ♻️	7.08	BX
957-035	File Jacket, 1" exp, Letter, Manila ♻️	0.17	EA
957-076	File Jacket, 1" exp, Legal, Manila ♻️	0.19	EA
957-050	File Jacket, 2" exp, Letter, Manila ♻️	0.26	EA
957-092	File Jacket, 2" exp, Legal, Manila ♻️	0.28	EA
265-181	File Jacket, 1" exp, Letter, Manila, 50/bx ♻️	17.20	BX



### State of Nebraska Core Item Price List

ITEM #	DESCRIPTION	PRICE	U/M
<b>FILING SUPPLIES cont'd</b>			
535-120	File Pocket,1.75"exp,Letter ♻️	0.31	EA
952-241	File Pocket,1.75"exp,Legal,25/bx ♻️	11.84	BX
917-272	File Pocket,3.5"exp,Letter,25/bx ♻️	13.30	BX
917-290	File Pocket,3.5"exp,Legal,25/bx ♻️	13.10	BX
952-250	File Pocket,1.75"exp,Letter,25/bx ♻️	9.68	BX
998-658	File Wallet,3.5"exp,Letter ♻️	1.83	EA
991-638	File Wallet,3.5"exp,Legal ♻️	1.78	EA
307-942	Folder,Classification,4pt,2"exp,Red ♻️	1.15	EA
307-959	Folder,Classification,6pt,2"exp,Red ♻️	1.33	EA
123-272	Folder,Classification,4pt,2"exp,Red,10/bx ♻️	11.53	BX
121-416	Folder,Classification,6pt,2"exp,Red,10/bx ♻️	13.28	BX
112-334	Label,File Folder,Avery,Lt. Blue,252/Pk	0.87	PK
112-326	Label,File Folder,Avery,Green,252/Pk	0.87	PK
112-284	Label,File Folder,Avery,Black,252/Pk	0.91	PK
112-300	Label,File Folder,Avery,Dk. Blue,252/Pk	0.91	PK
112-367	Label,File Folder,Avery,Orange,252/Pk	0.87	PK
112-409	Label,File Folder,Avery,Yellow,252/Pk	0.87	PK
112-391	Label,File Folder,Avery,White,252/Pk	0.87	PK
112-318	Label,File Folder,Avery,Dk Red,252/Pk	0.87	PK
112-375	Label,File Folder,Avery,Purple,252/Pk	0.87	PK
<b>GLUE</b>			
129-791	Cement,Rubber,4Oz Btl	0.49	EA
910-141	Glue,Elmers,4Oz,White	0.46	EA
910-216	Glue-Stick,Avery,1.27oz,Clear	0.83	EA
<b>PAPER &amp; PADS</b>			
419-010	Pad,Gum,Tops,8.5x11,Canary ♻️	3.35	DZ
420-570	Pad,Gum,Tops,8.5x11,White ♻️	3.35	DZ
795-948	Pad,Legal,Tops,5x8,White ♻️	2.58	DZ
951-910	Pad,Legal,Tops,8.5x11.75,White ♻️	4.29	DZ
984-419	Pad,Steno,Tops,Gregg,Green,80sht	0.42	EA
941-815	Pad,Post-it,Recycled,1.5X2,Yellow ♻️	1.81	DZ
941-849	Pad,Post-It,Recycled,3X3,Yellow ♻️	0.38	EA
941-898	Pad,Post-It,Recycld,3X5,Yellow ♻️	0.63	EA
942-011	Pad,Post-It,Recycled,4x6,Yellow ♻️	0.97	EA
969-972	Pad,Post-It,Recycled,3X3,Yellow ♻️	4.52	DZ
451-310	Paper,Add Rolls,2.25",White ♻️	2.06	DZ
940-650	Paper,Copy,Recyc,8.5x11,White ♻️	27.95	CA
<b>REPORT COVERS</b>			
988-071	Portfolio, 2pkt w/fastener,Lt. Green ♻️	1.83	PK
433-573	Portfolio, 2pkt w/fastener,Lt. Blue ♻️	1.83	PK
975-716	Portfolio, 2pkt w/fastener,Yellow ♻️	1.94	TP
433-607	Portfolio, 2pkt w/fastener,Red ♻️	1.83	TP
433-615	Portfolio, 2pkt w/fastener,White ♻️	1.83	PK
981-273	Portfolio,2Pkt,Orange	2.47	BX
934-315	Binder, Pressboard w/fastener, Black ♻️	0.55	EA
934-331	Binder, Pressboard w/fastener, Dk. Blue ♻️	0.55	EA
934-380	Binder, Pressboard w/fastener, Exec. Red ♻️	0.55	EA
934-323	Binder, Pressboard w/fastener, Lt. Blue ♻️	0.55	EA
934-364	Binder, Pressboard w/fastener, Dk. Green ♻️	0.55	EA
934-372	Binder, Pressboard w/fastener, Red ♻️	0.55	EA



### State of Nebraska Core Item Price List

ITEM #	DESCRIPTION	PRICE	U/M
<b>TAPE &amp; TAPE FLAGS</b>			
173-047	Tape,Magic,3M,3/4X1296	1.70	RL
910-588	Tape,Masking,3M,1"X60Yd,	1.63	RL
452-367	Post-it Flag,Tape,In Disp,2Pk,Red	2.52	OP
452-391	Post-it Flag,Tape,In Disp,2Pk,Green	2.49	PK
452-425	Post-it Flag,Tape,In Disp,2Pk,Purple	3.29	PK
452-409	Post-it Flag,Tape,In Disp,2Pk,Yellow	2.49	OP
452-417	Post-it Flag,Tape,In Disp,2Pk,Orange	3.29	PK
452-375	Post-it Flag,Tape,In Disp,2Pk,Blue	3.29	PK
810-176	Post-it Flag,Tape,In Disp,2Pk,White	3.29	PK
<b>WRITING INSTRUMENTS</b>			
184-580	Pen,Rolling Writer,Black	3.35	DZ
924-480	Pen,Rolling Writer,Black	0.28	EA
184-606	Pen,Rolling Writer,Blue	3.35	DZ
924-506	Pen,Rolling Writer,Blue	0.28	EA
184-598	Pen,Rolling Writer,Red	3.35	DZ
924-498	Pen,Rolling Writer,Red	0.28	EA
149-765	Pen,Uniball,Xfine,Black	6.90	DZ
149-757	Pen,Uniball,Xfine,Blue	4.55	DZ
149-781	Pen,Uniball,Xfine,Red	4.55	DZ
149-724	Pen,Uniball,Fine,Black	4.55	DZ
149-716	Pen,Uniball,Fine,Blue	4.55	DZ
149-740	Pen,Uniball,Fine,Red	4.55	DZ
664-417	Pen,Uniball,Micro,Onyx,Black	2.19	DZ
681-957	Pen,Uniball,Micro,Onyx,Black	0.18	EA
664-409	Pen,Uniball,Micro,Onyx,Blue	2.19	DZ
681-965	Pen,Uniball,Micro,Onyx,Blue	0.18	EA
664-391	Pen,Uniball,Micro,Onyx,Red	2.19	DZ
350-140	Pen,Uniball,Micro,Onyx,Red	0.18	EA
751-171	Pen,Ball Pt,Cmfrmtgrp,Medium,Ret,Black	4.13	DZ
751-181	Pen,Ball Pt,Cmfrmtgrp,Medium,Ret,Blue	4.13	DZ
877-530	Highlighter,4009,Blue	0.90	DZ
877-514	Highlighter,4009,Yellow	0.90	DZ
926-139	Highlighter,Avery,Fl. Blue	0.08	EA
926-113	Highlighter,Avery,Fl. Yellow	0.08	EA
927-194	Marker,Permanent,Sharpie,Fine,Black	0.25	EA
203-349	Marker,Permanent,Sharpie,Fine,Black	2.97	DZ
927-202	Marker,Permanent,Sharpie,Fine,Red	0.33	EA
203-356	Marker,Permanent,Sharpie,Fine,Red	2.97	DZ
309-872	Marker,Permanent,Chisel Pt,Black	1.16	DZ
349-449	Marker,Permanent,Chisel Pt,Black	0.10	EA
189-803	Marker,Pen,Razor Point,Black	4.00	DZ
925-461	Marker,Pen,Razor Point,Black	0.90	EA
189-795	Marker,Pen,Razor Point,Blue	5.29	DZ
925-479	Marker,Pen,Razor Point,Blue	0.90	EA
189-852	Marker,Pen,Razor Point,Red	5.29	DZ
925-487	Marker,Pen,Razor Point,Red	0.90	EA
265-276	Marker,Pen,Porous Point,Black	0.90	DZ
265-034	Marker,Pen,Porous Point,Blue	0.90	DZ
265-232	Marker,Pen,Porous Point,Red	0.90	DZ



### State of Nebraska Core Item Price List

ITEM #	DESCRIPTION	PRICE	U/M
<b>WRITING INSTRUMENTS cont'd</b>			
181-636	Pen,Ball Pt,Fine,Stick,Black	0.62	BX
181-610	Pen,Ball Pt,Fine,Stick,Blue	0.62	BX
181-628	Pen,Ball Pt,Fine,Stick,Red	0.62	BX
181-578	Pen,Ball Pt,Medium,Stick,Blue	0.62	BX
181-586	Pen,Ball Pt,Medium,Stick,Red	0.62	BX
524-992	Pen,Ball Pt,Flexgrp,Fine,Stick,Black	4.65	DZ
527-744	Pen,Ball Pt,Flexgrp,Fine,Stick,Blue	3.35	DZ
507-776	Pen,Ball Pt,Flexgrp,Medium,Stick,Black	1.39	EA
507-752	Pen,Ball Pt,Flexgrp,Medium,Stick,Blue	1.39	EA
928-721	Pencil,.5mm,Quickclic,Transparent Smoke	0.91	EA
909-093	Liquid Paper,Multi Purpose,White	0.55	EA
487-348	Eraser,Pencil,Pentel,3Tubes	2.17	PK
206-503	Eraser,Cap,Red,12/Pk	0.26	PK



"Jerry-Hoffman"  
<jerry.hoffman@officedepot.com>  
06/22/2005 11:37 AM

To <mlanning@notes.state.ne.us>  
cc "Randy-Smith" <RSmith42@Officedepot.com>, "John-Horst" <JHorst@OfficeDepot.com>  
bcc  
Subject 84041595 State of NE Billing

Mary,

We are going to bill you for everything that was delivered as of today on a summary bill for the month of June. Then we will bill you separately for the balance of the month. The balance of the month will have the mark up of 7% included for the agency's which you will then be able to pay short by 7% or we will rebate you 7%. I am still making sure which way they will let us handle the 7%, but my push will be for the pay short option.

If you have any questions, please let me know.

Thank you,

Jerry Hoffman  
Office Depot Business Services Division  
District Sales Manager - Nebraska & Iowa  
7101 Mercy Rd, Ste 201  
Omaha, NE 68106  
Ph: 402-926-0166 Ext 214  
Fax: 402-926-2895  
e-mail: [jerry.hoffman@officedepot.com](mailto:jerry.hoffman@officedepot.com)

-----Original Message-----

**From:** John-Horst  
**Sent:** Wednesday, June 22, 2005 11:04 AM  
**To:** Jerry-Hoffman; Kim-Carlson  
**Cc:** Randy-Smith; Virginia-Balvin  
**Subject:** RE: 84041595 State of NE

Talked with Virginia Balvin in Delray, we are dropping the billing tonite for everything reconciled June 1 thru June 22, then changing the cycle back to monthly for the future.

**John Horst**

**Credit Liaison**

Office Depot Business Services

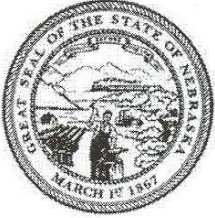
Chicago, Minneapolis

phone: 763-513-4065 800-582-5254 x4065

fax: 763-513-4017

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**Dave Heineman**  
Governor

## STATE OF NEBRASKA

DEPARTMENT OF ADMINISTRATIVE SERVICES  
Carlos Castillo Jr.  
Director

**Effective January 1, 2008**

### **Process used for verifying pricing with Office Depot – Core Items**

1. Central Finance randomly selects 25% of the items each month from the Core item list.
2. Using the .pdf file provided by Office Depot, Central Finance uses Adobe software to search the file.
3. Click on the Find key and enter Office Depots 6 digit catalog number.
4. The Office Depot Detailed invoice price is verified against the Core Item list spreadsheet prices based on the Office Depot formula.
5. Central Finance will send the audit results to the State Purchasing Bureau buyer, noting any discrepancies.
6. Buyer in State Purchasing contacts Office Depot regarding any discrepancies.

### **Process used for verifying pricing with Office Depot – Non-Core Items**

1. State Purchasing randomly selects 100 items each month from the Non-Core items.
2. Buyer uses Office Depot website and compares Office Depot List Price versus State's price.
3. Buyer computes and compares to the contract and verifies pricing.
4. If there is a discrepancy, buyer contacts Office Depot.
5. If there is an item that is found to go below Office Depot's cost, then the buyer contacts Office Depot to gather Office Depot's cost documentation to verify the pricing is correct.

**Materiel Division • Steve Sulek, Acting Administrator**

301 Centennial Mall South • P.O. Box 94847 • Lincoln, Nebraska 68509-4847 • Phone (402) 471-2401 • Fax (402) 471-2089

*An Equal Opportunity/Affirmative Action Employer*

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Nebraska Administrative Services - Office Supply Bureau  
Office Depot Business Services Contract Evaluation  
**Summary of Non-Contract Payments to Office Depot for FYE 06-30-2007**  
(Unaudited)

Exhibit 7

	Agency Number	Address Number	Alpha Name	G/L Date	Explanation Remark	Doc Type	Doc #	Doc Fd	Amount
5243515.531100	5	539930	Office Depot-Payments	9/27/2006	State Probation 471-4138	PV	9103951	20580	\$ 24.90
5243516.531100	5	539930	Office Depot-Payments	9/27/2006	State Probation 471-4138	PV	9103948	20580	\$ 1,926.98
5243515.531100	5	539930	Office Depot-Payments	9/27/2006	State Probation 471-4138	PV	9103948	20580	\$ 3,968.47
5243515.531100	5	539930	Office Depot-Payments	10/24/2006	State Probation 471-4138	PV	9214518	20580	\$ 292.89
5243515.531100	5	539930	Office Depot-Payments	10/24/2006	State Probation 471-4138	PV	9214522	20580	\$ 1,136.69
5243515.531100	5	539930	Office Depot-Payments	4/3/2007	State Probation 471-4138	PV	10471483	20580	\$ 142.02
5243515.531100	5	539930	Office Depot-Payments	6/1/2007	State Probation 471-4138	PV	10961527	20580	\$ 45.99
5243515.531100	5	539930	Office Depot-Payments	6/1/2007	State Probation 471-4138	PV	10961541	20580	\$ 1,223.78
<b>Supreme Court Total</b>									<b>\$ 8,761.72</b>
11002160.532100	11	1069839	Office Depot-Card Payments	7/26/2006	Jisa	PV	8764862	10000	\$ 109.99
11001011.532100	11	1069839	Office Depot-Card Payments	7/26/2006	Hannon, Dexter, Coffman	PV	8764862	10000	\$ 629.97
11001578.532100	11	1069839	Office Depot-Card Payments	9/14/2006	Supplies for Drug Grant	PV	9016013	10000	\$ 639.95
11002115.532100	11	1069839	Office Depot-Card Payments	10/23/2006	Workstation-Alexander	PV	9209163	10000	\$ 339.99
11001014.531100	11	1069839	Office Depot-Card Payments	12/1/2006	Workcenter -Public Pro	PV	9416983	10000	\$ 68.49
11004126.532100	11	1069839	Office Depot-Card Payments	1/24/2007	Chair for Collins	PV	9695172	40000	\$ 209.99
11001010.532100	11	1069839	Office Depot-Card Payments	3/2/2007	Selk	PV	10159917	10000	\$ 219.98
11001012.532100	11	1069839	Office Depot-Card Payments	3/2/2007	Freudenberg	PV	10159917	10000	\$ 219.98
11001014.531100	11	1069839	Office Depot-Card Payments	4/4/2007	Bookcase, tables, tabs, stand	PV	10486948	10000	\$ 279.99
11001010.531100	11	1069839	Office Depot-Card Payments	4/4/2007	Bookcase, tables, tabs, stand	PV	10486948	10000	\$ 337.18
11001010.531100	11	1069839	Office Depot-Card Payments	4/25/2007	Files & Chair	PV	10724851	10000	\$ 209.97
11002119.532100	11	1069839	Office Depot-Card Payments	4/25/2007	Files & Chair	PV	10724851	10000	\$ 219.98
11001012.532100	11	1069839	Office Depot-Card Payments	5/21/2007	Chairs for Vierk, Ugai, Penn	PV	10869435	10000	\$ 169.99
11001014.532100	11	1069839	Office Depot-Card Payments	5/21/2007	Chairs for Vierk, Ugai, Penn	PV	10869435	10000	\$ 419.98
11001012.532100	11	1069839	Office Depot-Card Payments	6/25/2007	Offices chairs & file cabinets	PV	11092900	10000	\$ 399.99
11001011.532100	11	1069839	Office Depot-Card Payments	6/25/2007	Offices chairs & file cabinets	PV	11092900	10000	\$ 1,349.87
11002115.532100	11	1069839	Office Depot-Card Payments	6/25/2007	Offices chairs & file cabinets	PV	11092900	10000	\$ 1,774.94
<b>Attorney General Total</b>									<b>\$ 7,600.23</b>
13408764.532100	13	500129	Office Depot Business Svcs-PO's	10/2/2006	Item #537-531	OV	142479	40000	\$ 209.65
13452101.531100	13	539930	Office Depot-Payments	11/15/2006	Spec Order Item for DC	PV	9331486	10000	\$ 45.00
<b>Department of Education Total</b>									<b>\$ 254.65</b>
16302000.531101	16	1069839	Office Depot-Card Payments	7/31/2006	NE Lottery	PV	8780789	21560	\$ 6.09
<b>Department of Revenue Total</b>									<b>\$ 6.09</b>
24110001.532100	24	500129	Office Depot Business Svcs-PO's	9/12/2006	Global Stacking Chair #902-726	OV	138948	22450	\$ 87.00
24110001.532100	24	500129	Office Depot Business Svcs-PO's	9/12/2006	Office Depot-Super Task	OV	138944	22450	\$ 128.00
24110001.532100	24	500129	Office Depot Business Svcs-PO's	9/12/2006	Global Stacking Chair #902-726	OV	138947	22450	\$ 870.00
24333001.532100	24	500129	Office Depot Business Svcs-PO's	10/26/2006	Drafting Stool Item #332279	OV	147444	22450	\$ 156.00



Nebraska Administrative Services - Office Supply Bureau  
Office Depot Business Services Contract Evaluation  
**Summary of Non-Contract Payments to Office Depot for FYE 06-30-2007**  
(Unaudited)

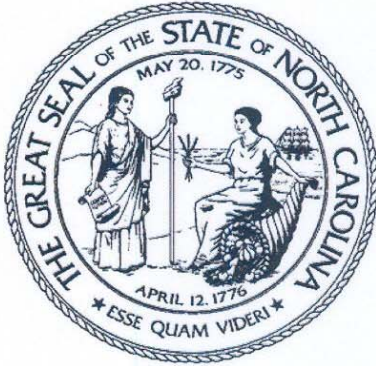
Exhibit 7

	Agency Number	Address Number	Alpha Name	G/L Date	Explanation Remark	Doc Type	Doc #	Doc Fd	Amount
24333001.532100	24	500129	Office Depot Business Svcs-PO's	10/26/2006	Drafting Stool Item #332279	OV	147446	22450	\$ 156.00
24333001.532100	24	500129	Office Depot Business Svcs-PO's	10/26/2006	Drafting Stool Item #332279	OV	147443	22450	\$ 312.00
24333001.532100	24	500129	Office Depot Business Svcs-PO's	3/20/2007	Counter Stool Item #332279	OV	172753	22450	\$ 450.00
24333001.532100	24	500129	Office Depot Business Svcs-PO's	3/20/2007	Counter Stool Item #332279	OV	172754	22450	\$ 1,050.00
24333001.532100	24	500129	Office Depot Business Svcs-PO's	4/30/2007	Task Chair #174741	OV	180641	22450	\$ 100.23
24333001.532100	24	500129	Office Depot Business Svcs-PO's	4/30/2007	Counter Stool Item #332279	OV	180641	22450	\$ 150.00
24333001.532100	24	500129	Office Depot Business Svcs-PO's	5/1/2007	DMV 471-3905	PD	10747029	22450	\$ (150.00)
<b>Department of Motor Vehicles Total</b>									<b>\$ 3,309.23</b>
25380006.532100	25	539930	Office Depot-Payments	12/8/2006	Acct: 26934873-595-2888	PV	9458953	10000	\$ 699.77
20550406.532100	25	500129	Office Depot Business Svcs-PO's	3/28/2007	Sauder Bookcase	OV	174501	40000	\$ 80.00
20510122.532100	25	500129	Office Depot Business Svcs-PO's	6/6/2007	#837304-Fireking Turtle	OV	188166	40000	\$ 310.00
<b>Department of Health and Human Services Total</b>									<b>\$ 1,089.77</b>
32010076.531100	32	1069839	Office Depot-Card Payments	8/16/2006	Field Office Supply-USB Cable	PV	8856450	23220	\$ 22.99
32010028.531100	32	1069839	Office Depot-Card Payments	8/16/2006	Office Supply-Epson 980 Ink	PV	8856449	23220	\$ 28.99
32010028.531100	32	1069839	Office Depot-Card Payments	10/18/2006	Office Supplies-Stamp/Clips	PV	9189777	23220	\$ 47.95
<b>Board of Educational Lands and Funds Total</b>									<b>\$ 99.93</b>
46340001.533108	46	539930	Office Depot-Payments	7/21/2006	ACT#84042323 R 09843C9	P9	8718760	64641	\$ 293.40
46330001.533108	46	539930	Office Depot-Payments	8/22/2006	ACT#84042323 J 20612C9	P9	8885746	64641	\$ 4.32
<b>Department of Correctional Services Total</b>									<b>\$ 297.72</b>
47110350.531100	47	500129	Office Depot Business Svcs-PO's	9/20/2006	Global Malaga Chair	OV	140556	10000	\$ 972.00
47110350.531100	47	500129	Office Depot Business Svcs-PO's	10/9/2006	Global Malaga Chair	OV	143839	10000	\$ 324.00
47110350.531100	47	500129	Office Depot Business Svcs-PO's	10/12/2006	Discount	PV	9164242	10000	\$ (10.68)
<b>Nebraska Educational Telecommunications commission Total</b>									<b>\$ 1,285.32</b>
64054293.531100	64	500129	Office Depot Business Svcs-PO's	3/21/2000	601116003554174 MCSAP'06-Feder	PV	10330588	26430	\$ 206.71
64891010.531100	64	1069839	Office Depot-Card Payments	9/18/2006	3471059180010	PV	9030174	10000	\$ 4.72
64901018.537100	64	1069839	Office Depot-Card Payments	9/18/2006	3430519260010	PV	9030175	10000	\$ 169.99
64902454.534900	64	1069839	Office Depot-Card Payments	12/22/2006	365775767-001	PV	9534741	26440	\$ 210.00
64951001.534900	64	1069839	Office Depot-Card Payments	1/10/2007	ACT#601116003554174	PV	9630847	10000	\$ 225.00
64891001.531100	64	1069839	Office Depot-Card Payments	2/23/2007	601116003554174	PV	10086262	10000	\$ 23.99
64891001.531100	64	1069839	Office Depot-Card Payments	2/23/2007	601116003554174	PV	10086255	10000	\$ 55.60
64891001.531100	64	1069839	Office Depot-Card Payments	3/1/2007	601116003554174	PV	10124808	10000	\$ 45.36
64891001.531100	64	1069839	Office Depot-Card Payments	3/1/2007	601116003554174	PV	10124802	10000	\$ 60.72
64902454.531100	64	500129	Office Depot Business Svcs-PO's	3/9/2007	Training table with casters	OV	170953	26440	\$ (1,125.00)
64902454.531100	64	500129	Office Depot Business Svcs-PO's	3/9/2007	Training table w/o casters	OV	170953	26440	\$ (210.00)
64902454.531100	64	500129	Office Depot Business Svcs-PO's	3/9/2007	Training table w/o casters	OV	170915	26440	\$ 210.00
64902454.531100	64	500129	Office Depot Business Svcs-PO's	3/9/2007	Training table with casters	OV	170915	26440	\$ 1,125.00

Nebraska Administrative Services - Office Supply Bureau  
Office Depot Business Services Contract Evaluation  
**Summary of Non-Contract Payments to Office Depot for FYE 06-30-2007**  
(Unaudited)

Exhibit 7

	Agency Number	Address Number	Alpha Name	G/L Date	Explanation Remark	Doc Type	Doc #	Doc Fd	Amount
64902454.531100	64	500129	Office Depot Business Svcs-PO's	3/12/2007	Training table w/o casters	OV	171019	26440	\$ 210.00
64902454.531100	64	500129	Office Depot Business Svcs-PO's	3/12/2007	Training table with casters	OV	171019	26440	\$ 675.00
64052293.531100	64	500129	Office Depot Business Svcs-PO's	3/21/2007	601116003554174 MCSAP'06-Match	PV	10330560	26430	\$ 11.20
64054293.531100	64	500129	Office Depot Business Svcs-PO's	3/21/2007	601116003554174 MCSAP'06-Feder	PV	10330560	26430	\$ 44.78
64052293.531100	64	500129	Office Depot Business Svcs-PO's	3/21/2007	601116003554174 MCSAP'06-Match	PV	10330588	26430	\$ 51.68
64891010.531100	64	1069839	Office Depot-Card Payments	4/2/2007	INV #165032913000	PV	10444549	10000	\$ 55.98
64891010.531100	64	1069839	Office Depot-Card Payments	4/2/2007	INV #165026904000	PV	10444547	10000	\$ 258.39
64901007.531100	64	1069839	Office Depot-Card Payments	4/19/2007	601116003554174	PV	10653764	10000	\$ 35.98
<b>Nebraska State Patrol Total</b>									<b>\$ 2,345.10</b>
65050014.583000	65	500129	Office Depot Business Svcs-PO's	3/30/2007	Brother Copy Machine	OV	174878	56514	\$ 169.99
65050014.583000	65	500129	Office Depot Business Svcs-PO's	5/1/2007	Sharp AL-1631 Copier	OV	180957	56514	\$ 399.00
65050014.583000	65	500129	Office Depot Business Svcs-PO's	5/1/2007	Sharp AL-1631 Copier	OV	180960	56514	\$ 399.00
65050014.583000	65	500129	Office Depot Business Svcs-PO's	5/10/2007	Brother DCP 7020 Copier	OV	183040	56514	\$ 199.99
65050014.583000	65	500129	Office Depot Business Svcs-PO's	5/21/2007	Brother DCP 7020 Copier	OV	184866	56514	\$ 199.99
<b>Department of Administrative Services Total</b>									<b>\$ 1,367.97</b>
<b>Grand Total</b>									<b>\$ 26,417.73</b>



# STATE OF NORTH CAROLINA

## PERFORMANCE AUDIT

OFFICE SUPPLIES TERM CONTRACT ADMINISTERED BY THE  
PURCHASE AND CONTRACT DIVISION  
DEPARTMENT OF ADMINISTRATION

MAY 2007

OFFICE OF THE STATE AUDITOR  
LESLIE W. MERRITT, JR., CPA, CFP  
STATE AUDITOR

**PERFORMANCE AUDIT**

**OFFICE SUPPLIES TERM CONTRACT ADMINISTERED BY THE  
PURCHASE AND CONTRACT DIVISION  
DEPARTMENT OF ADMINISTRATION**

**MAY 2007**

STATE OF NORTH CAROLINA  
Office of the State Auditor



Leslie W. Merritt, Jr., CPA, CFP  
State Auditor

2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27699-0601  
Telephone: (919) 807-7500  
Fax: (919) 807-7647  
Internet  
<http://www.ncauditor.net>

May 7, 2007

The Honorable Michael F. Easley, Governor  
Members of the North Carolina General Assembly  
Mr. Britt Cobb, Secretary, North Carolina Department of Administration

Ladies and Gentlemen:

We are pleased to submit this performance audit entitled *Office Supplies Term Contract Administered by the Purchase and Contract Division*. The objective of the audit was to determine whether the Purchase and Contract Division was effectively monitoring vendor performance of the Statewide term contract for office supplies. Secretary Cobb has reviewed a copy of this report. His written comments are included after the audit finding.

We wish to express our appreciation to the staff of the Department of Administration for the courtesy, cooperation, and assistance provided us during the audit.

Respectfully submitted,

*Leslie W. Merritt, Jr.*

Leslie W. Merritt, Jr., CPA, CFP  
State Auditor

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## **PERFORMANCE AUDIT**

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### **SUMMARY**

The Purchase and Contract (P&C) Division operates within the Department of Administration and provides centralized purchasing services for the State of North Carolina. P&C's major responsibilities include bidding, negotiating, establishing and monitoring of statewide term contracts. Statewide term contracts are used generally to establish suppliers and prices of a given commodity, group of commodities, or services. These contracts typically cover a period of multiple years and consolidate normal requirements of all agencies into one or a small number of agreements.

On January 30, 2003, P&C awarded statewide term contracts for office supplies to four vendors. In September 2005, P&C re-bid the office supply contract and subsequently awarded a three-year contract to one vendor, Office Depot, effective February 1, 2006.<sup>1</sup>

The objective of the audit was to determine whether P&C was effectively monitoring vendor performance of the statewide term contract for office supplies, specifically:

1. Did quoted catalog prices and actual prices charged agree with the prices stated in the contract;
2. Were the items offered under the contract available for purchase?

### **RESULTS IN BRIEF**

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, a process that we consider an essential part of P&C's responsibility of monitoring statewide term contracts. 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.

### **DEPARTMENT'S RESPONSE**

The response from the Department of Administration is included in the appendix.

---

<sup>1</sup> This contract was subsequently terminated by P&C, re-bid, and on December 7, 2006, a new contract was awarded to Office Depot.

## PERFORMANCE AUDIT

---

### INTRODUCTION

#### BACKGROUND

The Purchase and Contract (P&C) Division operates within the Department of Administration and provides centralized purchasing services for the State of North Carolina. P&C's major responsibilities include bidding, negotiating, establishing and monitoring of statewide term contracts.

Statewide term contracts are used generally to establish suppliers and prices of a given commodity, group of commodities, or services without specifying the quantity of commodities involved. They typically cover a period of multiple years and consolidate normal requirements of all agencies into one or a small number of agreements.

In 2000, the State contracted with Accenture, a technology services provider, to develop E-Procurement, an on-line purchasing system. The E-Procurement system provides P&C and other state purchasing agencies with the capability to create and view electronic requisitions and to automate purchasing approvals. When a vendor offers an on-line catalog, E-Procurement can provide access to that catalog so that goods and services can be ordered electronically by authorized personnel.

P&C currently has 125 statewide term contracts representing a value of \$1.4 billion in awarded contracts with over 400 vendors. Four of these statewide term contracts use the vendors' electronic catalogs in conjunction with the E-Procurement system's "punch-out" feature. These four contracts represent \$96 million in awarded dollars over their contractual periods. The statewide term contract for office supplies is an example of a contract that uses E-Procurement's punch-out feature.

On January 30, 2003, P&C awarded statewide term contracts for office supplies to four vendors: Corporate Express, GetItQuick.com, Piedmont Office Supplies, and Staples, Inc. P&C continued to extend these contracts through January 31, 2006. In September 2005, P&C re-bid the office supply contract and subsequently awarded a three-year contract to one vendor, Office Depot, effective February 1, 2006.<sup>2</sup> The office supply contracts in effect from 2003 to 2005 were awarded at approximately \$16 million per year. The office

#### **Electronic Purchasing Using the North Carolina E-Procurement System**

A purchasing agent can create an electronic purchase requisition by utilizing product and pricing information from a supplier's on-line vendor catalog. This is made possible using the North Carolina E-Procurement system's ability to "punch out" to a supplier's web site.

- The buyer logs into the E-Procurement system with a username and password. After a successful login, the buyer is directed to the supplier's website.
- Using the searching tools of the supplier's North Carolina punch-out site, the user will select the desired products and services. A supplier's on-line catalog may include the price, availability and visual representation of the item.
- When the order is complete, the user will exit the supplier's punch-out site and the shopping cart will be brought back to the North Carolina E-Procurement system.
- An order is not submitted to a supplier until the buyer has actually added the items to a purchase order, the purchase order is approved, and it is sent to the supplier. Prices of items ordered through punch-out sites are not checked by the E-Procurement system to see whether they agree with the contract prices.

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<sup>2</sup> See footnote 1.



## **PERFORMANCE AUDIT**

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supply contract with Office Depot was awarded for an estimated \$18.2 million for 2006 and for \$17.4 million for 2007.

North Carolina Administration Code (01 NCAC 05B.1101) prohibits agencies from purchasing any commodities, printing, or services covered by a statewide term contract from any source other than the vendor or vendors who are awarded the contract. Selected exceptions to this rule are emergency or pressing need situations, exemptions or special delegations.

P&C contract administrators have the responsibility of monitoring statewide term contracts. A primary function of the contract administrator is to enforce the contract's terms and conditions, including product price and availability. Each contract administrator is assigned to one or more statewide term contracts.

### **OBJECTIVES, SCOPE, AND METHODOLOGY**

This audit of the P&C Division was undertaken at the direction of the State Auditor. The objective of the audit was to determine whether P&C was effectively monitoring vendor performance of the statewide term contract for office supplies, specifically:

1. Did quoted catalog prices and actual prices charged agree with the prices stated in the contract;
2. Were the items offered under the contract available for purchase?

The scope of our audit included an analysis of both the previous and present contracts and covered the period from July 1, 2004, to September 15, 2006. We compared the current vendor's on-line catalog quoted prices as well as actual prices paid to the prices stated in the statewide term contract. Additionally, we reviewed data compiled by P&C relating to the availability of items in the current vendor's on-line catalog. Since on-line catalogs were no longer available for vendors under the previous contracts, we limited our review to an analysis of actual prices paid compared with prices stated in those contracts.

This report contains the results of the audit including conclusions and recommendations. Specific recommendations related to our audit objectives are reported. Because of the test nature and other inherent limitations of an audit, together with the limitations of any system of internal and management controls, this audit would not necessarily disclose all weaknesses in the systems or lack of compliance.

Our fieldwork took place from August 10, 2006, to December 12, 2006. We conducted this audit under the authority vested in the State Auditor by North Carolina General Statute 147-64.6 and according to generally accepted government auditing standards.

## **FINDINGS AND RECOMMENDATIONS**

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### **THE PURCHASE AND CONTRACT DIVISION DID NOT REQUIRE THE VENDOR TO PERMANENTLY CORRECT CAUSES OF ERRORS IN PRICING AND AVAILABILITY FOR THE OFFICE SUPPLIES STATEWIDE TERM CONTRACT**

The Purchase and Contract Division (P&C) has not instituted permanent, corrective action for known pricing errors and product availability issues caused by its office supplies vendor, Office Depot. Through its internal monitoring process, P&C found pricing errors in the vendor's catalog and overcharges by the vendor and uncovered a number of items required by the contract that were not available for ordering. However, P&C did not require the vendor to determine the underlying causes for the errors or to present any course of action to prevent future occurrences. In the absence of permanent, reliable corrective action, state agencies' assurance that contracted items are available, at contracted prices, is compromised.

#### **Incorrect Vendor Catalog Prices**

P&C's punchout guidelines for monitoring the office supplies term contract did not clearly, and in specific terms, define remedial actions to be taken when price discrepancies are uncovered between catalog and contract prices. The guidelines do not state, for example, how long the vendor should be given to make corrections, subsequent follow-up procedures to employ to ensure the vendor has instituted permanent corrective action, and the actions to take if a vendor fails to remedy contractual non-compliance.

P&C intermittently performs manual comparisons between the vendor's on-line catalog prices and the statewide term contract prices. When price discrepancies are identified, the P&C contract administrator notifies the vendor. (Our testing of catalog prices for all 582 "core"<sup>3</sup> items revealed a 6.5% error rate, with unit prices ranging from \$.60 to \$199.75 in excess of contract prices.) However, P&C did not engage with vendor management to determine the root causes for price discrepancies that it had uncovered. More importantly, P&C did not follow through to ensure permanent corrective action was implemented by the vendor. This compromises the integrity of the pricing data that purchasers view on the vendor's on-line catalog when ordering office supplies through the E-Procurement system.

#### **Overcharges**

P&C does not have an automated, real-time system in place to check purchase prices against contract prices when purchase orders are placed. In response to a request from the State Auditor's Office, Office Depot identified incorrect prices on 1,577 transactions resulting in overcharges of \$40,887<sup>4</sup>. Office Depot acknowledged that the overcharges should be refunded to the buying entities and advised P&C that it had initiated credits to the affected state agencies.

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<sup>3</sup> "Core" items are those catalog items that have historically consumed the greatest number of dollars. As such, errors within this category are more likely to have the greatest cost impact to the State.

<sup>4</sup> These amounts include overcharges to state agencies, universities, community colleges, public schools, local governments and other miscellaneous entities and include all methods of payment.

## **FINDINGS AND RECOMMENDATIONS**

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We have additional concerns related to overcharges:

- Our tests have disclosed that the Office Depot analysis is incomplete. We have identified overcharges that were not included in the Office Depot analysis.
- P&C did not verify the Office Depot analysis disclosing overcharges.
- P&C was notified of the overcharges in September 2006, but it was not until January 2007 that P&C determined the status of the refunds identified by Office Depot.
- P&C has not notified state agencies and other entities of the credits they are due from Office Depot.

It should be noted that overcharges are not unique to the Office Depot contract. We found overcharges had also occurred in the prior office supply contracts. A review of transactions from the four former office supply vendors also revealed pricing errors, with unit prices ranging from \$.02 to \$18.00 in excess of contract prices.

### **Product Availability**

P&C's internal process of comparing vendor catalog prices with the statewide term contract prices revealed that 117 office supply items listed in the contract were not available for purchase by state agencies.

As in the case with price discrepancies, a contract administrator stated that the issue was communicated to Office Depot representatives. However, P&C did not follow through to ensure that the vendor implemented permanent, corrective action. As such, P&C's ability to provide assurances that authorized buyers will be able to obtain items required by the statewide term contract is compromised. This increases the likelihood that buyers will either find substitute items or go outside of the contract to another vendor, possibly paying higher prices.

### **Problem Analysis Summary**

The Purchase and Contract Division has not instituted permanent corrective action for the aforementioned pricing errors and product availability issues caused by its office supplies vendor. Permanent corrective action requires an understanding of the root causes of the problems, the corrective actions that have been taken, and what preventative actions will be necessary to prevent similar problems in the future. P&C should ensure that its employees are made aware of the problems and how they should conduct their activities differently, if necessary. Once reasons for problems are understood, risks that these same problems may take place in the future may warrant focused monitoring of events. For example, Office Depot indicated that some mistakes to the state's prices occurred because of its update of the catalog in June 2006. This event could occur again at the next annual update of the catalog in June 2007. More monitoring immediately after this event may help ensure that potential problems do not occur or, if they do, that they are addressed in a timely manner.

## FINDINGS AND RECOMMENDATIONS

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This approach to problem analysis is significantly different from simply receiving a response that identified problems have been fixed. Supporting reasons for and circumstances surrounding the problems and how corrective actions by both the vendor and P&C will likely prevent future occurrence of the problems are important elements that should also occur. Adequate communication among P&C, the vendor, and affected state agencies is necessary to facilitate this type of problem analysis. It requires that P&C is more proactively involved in the problem resolution process and that monitoring procedures and management practices are instituted to prevent or resolve such problems in a timely manner.

**Recommendations:** P&C should strengthen its monitoring procedures related to vendor performance of the statewide office supply term contract. Specifically,

- Management should be more actively engaged in resolving problems with its statewide office supply term contract. Fixes should not just address the apparent and known effects of problems but should be based on an investigative and thorough review of problems and should address their root causes.
- P&C should establish better controls related to the monitoring of vendor performance. These controls should include written procedures that provide specific criteria for monitoring vendor catalog prices, vendor payments, and availability of products. Procedures should also address the timely follow-up of discrepancies as well as senior management's responsibilities in the resolution of on-going issues.
- P&C should verify the completeness of Office Depot's analysis disclosing overcharges. P&C should notify state agencies and other entities of the credits that they are due from Office Depot.
- P&C should explore methods of implementing automated internal checks designed to 1) identify price discrepancies within the E-Procurement system before the issuance of purchase orders and 2) periodically check the vendor's on-line catalog for product availability.



# North Carolina Department of Administration

Michael F. Easley, Governor

May 3, 2007

Britt Cobb, Secretary

Hon. Leslie W. Merritt, Jr., CPA, CFP  
State Auditor  
Office of the State Auditor  
20601 Mail Service Center  
Raleigh, NC 27699-0601

**Re: Office Supplies Term Contract Administered by the  
Purchase and Contract Division**

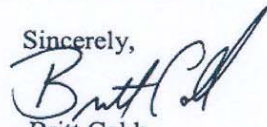
Dear Mr. Merritt:

On April 10, 2007, the Department of Administration received your revised draft report on the performance audit of the Office Supplies Term Contract. This revised draft followed discussions between the Division of Purchase and Contract and your staff. The Division of Purchase and Contract examined your office's findings and recommendations and prepared the attached response addressing your office's concerns and supporting your recommendations.

The Department of Administration remains committed to the effective and efficient management of all contracts administered by the Division of the Purchase and Contract. We anticipate that your office's recommendations will assist us in that objective of improved business practices.

The Division has worked tirelessly leading to the award of the February 2007 Office Supplies Term Contract. This contract continues to lower the cost of office supplies for state agencies and eligible institutions by providing the State a discount of 71% off retail prices for office supplies – a significant savings to the taxpayers of North Carolina. I trust you share my appreciation for their efforts.

If there are questions or comments, please let me know.

Sincerely,  
  
Britt Cobb

**Mailing Address:**  
1301 Mail Service Center  
Raleigh, NC 27699-1301

**Telephone: (919) 807-2425**  
Fax (919) 733-9571  
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*An Equal Opportunity/Affirmative Action Employer*

**Location Address:**  
116 West Jones Street  
Raleigh, North Carolina



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**APPENDIX**

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**RESPONSE TO PERFORMANCE AUDIT*****OFFICE SUPPLIES TERM CONTRACT ADMINISTERED BY THE  
DIVISION OF PURCHASE AND CONTRACT***

April 2007

**SUMMARY**

The Division of Purchase and Contract has done an exemplary job in the management of this contract to the benefit of the taxpayers of the State of North Carolina through a highly competitive bidding process that has resulted in substantially lower costs on office supplies purchased by state agencies. It should be noted that the Department of Administration does not concur completely with several conclusions and statements made in the Results in Brief and other sections of the audit as explained further. However, the Division of Purchase and Contract supports the Auditor's recommendations for continuing improvements and will take the necessary steps for implementation.

Like all customers, the Division of Purchase and Contract and all state agencies expect a vendor to adhere to the contract prices, to notify the users of any pricing errors, and, within reason, to make sure that every contract item is available. For that reason, the Division of Purchase and Contract monitors all contracts for which it is responsible in order to identify and correct pricing errors and investigate any unavailable items. This process is more straightforward when the Division of Purchase and Contract retains all access to the purchasing system used for the contract. As the Auditor is aware, web based, "punch-out" catalogs are unique purchasing systems in that the Division of Purchase and Contract must rely on the vendor to post correct prices and to avoid unintentional pricing errors. Given this unique purchasing system, the Division of Purchase and Contract recognized the need for continual monitoring of the contract and instituted such a process. As the use of web based, "punch-out" catalogs increases, the Division of Purchase and Contract expects that a fully automated, real-time system for administration of these types of contracts will become available. In the meantime, the Division of Purchase and Contract will continue to manually check and verify pricing and availability.

## APPENDIX

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### INTRODUCTION

#### Supplemental Background Information

The information below on prior and current Office Supplies Term Contracts is provided to complement the Department of Administration's response and aid in a better understanding of one of the most complex State term contracts.

The Auditor's report references the Statewide term contract for office supplies awarded January 30, 2003, to four (4) vendors. This contract was extended through January 31, 2006. The contract in place prior to January 30, 2003, was awarded to eleven (11) vendors. The Division of Purchase and Contract recognized the need for more competitive pricing and a more efficient method to administer the office supply contract. This decision was based on a thorough review of the marketplace as related to national governmental contractual arrangements which indicated that efficiencies and potential cost savings were available by reducing the number of awarded vendors. Thus, the number of vendors on the contract was reduced from eleven to four to obtain competitive pricing and a more efficient way to administer the office supply contract by streamlining managerial administration, reducing confusion and increasing quality of service for the end-users (state agencies, universities, community colleges, public schools, and other eligible participants).

In September 2005, the Division of Purchase and Contract re-bid the office supply contract and subsequently awarded a three-year term contract to one vendor. This contract was in place from February 2006 through February 2007. This contract allowed for even more streamlining and efficiency in regards to the administration of the office supply contract, placed additional requirements on the vendor for reporting, and included procedures to monitor pricing. The contract also eliminated time and effort on behalf of the end-users who previously had been forced to search multiple vendors' online catalogs for the best price on the same item.

As a result of Purchase and Contract's decision to increase competition for the Office Supplies Term Contract, the 2006 contract resulted in projected savings of \$4,500,000 over the prior contract (a 19% decrease in overall contract pricing). The actual amount of purchases from the most recent year of the 2003-2005 contract, plus estimated potential sales of additional items such as toner cartridges and small business equipment added to the 2006 contract, was in excess of \$23 million. This figure served as the baseline for comparison with the 2006 contract awarded at \$18.2 million. The decrease was a result of the deeper discounts offered with the new contract.

There were protests and eventual litigation with one vendor over the award. Subsequently, the Department of Administration re-bid the office supply contract. The contract was re-bid in September 2006 and, again in the interest of competitive pricing and efficiency, was awarded to one vendor. This solicitation made use of a simplified evaluation procedure and resulted in no bidder protests. Additional savings of approximately \$900,000 were realized over and above the projected \$4,500,000 saved in the previous contract. This resulted in an overall projected 23% decrease in the cost of office supplies or potential dollar savings of \$5,350,000 as compared to the 2003 contract. This contract was awarded on February 1, 2007 and has been implemented.



## APPENDIX

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### FINDINGS AND RECOMMENDATIONS

As with all contracts for which it is responsible, the Division of Purchase and Contract communicated with the vendor when it discovered pricing errors. The point of this communication was to find out why there were pricing errors. After the initial meeting with the vendor, additional errors were discovered. The Division of Purchase and Contract continued to investigate and supervise the vendor's performance. As the Auditor learned, this is a highly complex and multifaceted contract to administer and requires continuous monitoring to ferret out irregularities and errors.

The Audit report references that the vendor failed to ensure the availability of 117 of the 25,000 different office supply items. The Division of Purchase and Contract understands that the report's reference to unavailable items was derived from a document that the Division of Purchase and Contract prepared prior to the audit. The document was prepared as part of the Division of Purchase and Contract's management of the contract. This document contained a list of contract items that the Division of Purchase and Contract identified for suspected problems and had flagged for further review. As with any pricing errors, the Division of Purchase and Contract continues to monitor the vendor's performance on the availability of the 25,000 different office supply items within this contract.

In summary, management is very proactive in identifying and correcting known problems. Employees have been actively involved all through the audit process and are highly aware of the issues and concerns expressed by the audit. Continuous monitoring and communication with the vendor will eliminate many of the issues cited. Responses to the audit recommendations are addressed further.

### RESPONSE TO RECOMMENDATIONS

Management should be more actively engaged in resolving problems with its statewide office supply term contract.

The Department of Administration and the Purchase and Contract Division recognize that there is always room for improvement in the day-to-day functions and the execution of responsibilities of a division level office. As problems are identified they are addressed at the appropriate level of authority. If resolution is not achieved, the Department maintains a chain of authority that can be called upon to assist with any problem resolution. With a new office supplies term contract awarded February 1, 2007, additional enhancements in regard to being more proactive with problems, issues, and pricing errors have been implemented. These issues are being addressed in greater detail as part of the administration of the new term contract.

## APPENDIX

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P&C should establish better controls related to the monitoring of vendor performance.

The Division of Purchase and Contract does have written instructions/ documentation in place to properly monitor price changes. However, it is agreed that improvements can be made. Formal written procedures will be put in place to ensure that proper internal controls are communicated, implemented, and monitored. The existing procedures and instructions are being updated and expanded.

P&C should verify the completeness of Office Depot's analysis disclosing overcharges, and should also notify state agencies and other entities of the credits that they are due from Office Depot.

The Division of Purchase and Contract agrees with this recommendation and is verifying the completeness of the Office Depot analysis to assure that all overcharges are identified. The Division of Purchase and Contract has notified and advised users concerning the credits due from Office Depot.

P&C should explore methods of implementing automated internal checks.

The Division of Purchase and Contract agrees with the Auditor's report that an automated system needs to be developed to easily check for any changes in the products offered. NC E-Procurement @ Your Service includes an automated tool, which is used to verify and approve pricing on the vast majority of term contract catalogs. The vendor's on-line catalog for the office supply contract is in a different format which cannot be checked with the automated tools currently used for most term contracts. As communicated to the Auditor's staff, the Division of Purchase and Contract has previously explored automation of price checking for the office supply contract. However, upon the recommendation of this audit, the Division of Purchase and Contract will renew the investigation of available automated checking. Until such a system is developed, the staff will continue to manually check and verify pricing and availability.

## ORDERING INFORMATION

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Audit reports issued by the Office of the State Auditor can be obtained from the web site at [www.ncauditor.net](http://www.ncauditor.net). Also, parties may register on the web site to receive automatic email notification whenever reports of interest are issued. Otherwise, copies of audit reports may be obtained by contacting the:

Office of the State Auditor  
State of North Carolina  
2 South Salisbury Street  
20601 Mail Service Center  
Raleigh, North Carolina 27699-0601

Telephone: 919/807-7500

Facsimile: 919/807-7647

**State of Georgia**  
**Office Supply Contract**  
**Compliance Analysis**  
**May 2007**

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## Summary

The State of Georgia has provided a login to the State of Georgia office supply ordering Website for the purpose of checking state office supply contract pricing. Automated processes were employed to check prices on the Website.

Forty four thousand, three hundred eighteen (44,318) items were checked and current State of Georgia pricing noted. Additional information to be made part of this report was also noted.

## Objectives

1. Do quoted prices match those currently present on the State of Georgia office supply ordering Website?
2. Do quoted discounts match those currently present on the State of Georgia office supply ordering Website?
3. Do the prices on the current State of Georgia office supply ordering Website truly reflect 'Most Favored Customer' pricing as outlined in Section L, Paragraph 30 of the Statewide Contract?

## Core Items

Core items are those items identified by the State of Georgia as high use items individually bid by price. Prices on the core items, with few exceptions, are fixed for the term of the contract. Additionally, these most used items should always be stocked and available from the supplier.

## Results in Brief

Twenty four (24) core items were found to be more than ten percent (10%) higher on the State of Georgia office supply ordering Website than those prices bid on the quote sheet.

Using an office products industry standard source for list price, the average discount off list for the forty four thousand items is around nine percent (8.83%). Using the list price shown on the State of Georgia office supply ordering site, the average discount off list for the forty four thousand items is around fifteen percent (15.25%).

Core items are priced less to the general public on the Office Depot public Website than those prices contained on the State of Georgia office supply ordering Website.

Misidentified core items on the State of Georgia office supply ordering Website are directing state employees to higher priced non-core items.

When products are classified using the United Nations Standard Products and Services Code (UNSPSC), the bid discounts contained in the contract bid sheet entitled 'Additional Discounts' do not match the discounts shown on the State of Georgia office supply ordering site.

## Product Availability

Two hundred and ninety nine (299) core items' availability is suspect on the State of Georgia office supply ordering site. The potential exists for higher priced non-core items to be substituted where core item stocks are not maintained.

## Incorrect Prices

Twenty four (24) core items were found to be more than ten percent (10%) higher on the State of Georgia office supply ordering Website than those prices bid on the quote sheet.

## Incorrect Price List

Below is a list of the items on the State of Georgia office supply ordering Website that do not match the price shown on the bid sheet.

SKU	Mfg No	Web Price	Bid Price
442369	OD3318A	\$5.87	\$3.19
443296	OD35Y	\$6.23	\$5.15
442369	OD3318A	\$5.87	\$3.19
877640	R33012AQ	\$5.98	\$2.96
445708	R33012AP	\$5.23	\$2.59
442369	OD3318A	\$5.87	\$3.19
443296	OD35Y	\$6.23	\$5.15
531808	W59101	\$569.99	\$236.24
990135	11446	\$43.01	\$8.52
990135	11446	\$43.01	\$8.52
990135	11446	\$43.01	\$8.52
365475	73601	\$10.66	\$2.18
308718	94420	\$3.54	\$1.17
308718	94420	\$3.54	\$1.17
344352	E91SBP36H	\$19.72	\$6.51
405821	41218	\$9.49	\$3.96
905149	32606	\$94.99	\$69.29
880984	39806OD	\$10.55	\$1.74
880984	39806OD	\$10.55	\$1.74
787291	648410	\$14.24	\$4.72
420869	30001	\$9.44	\$6.10
105470	03637	\$0.67	\$0.02
211359	ESSPN212	\$14.87	\$5.39
202812	15001	\$9.31	\$5.65

## Better Pricing to the General Public

Of the forty four thousand (44,000) items checked, over thirty two thousand (32,000) items were found to have lower prices to the general public than those on the State of Georgia office supply ordering Website.

Seventy three percent (73%) of the items checked were cheaper on the Office Depot public Website, [www.officedepot.com](http://www.officedepot.com) than the price shown on the State of Georgia office supply ordering Website.

Due to the large size, the complete list of items cheaper to the public than to the State of Georgia employees is not provided here. The complete file, including any subsets, will be made available on request.

## Misidentified Core Items

Hundreds of items are incorrectly identified as contract core items on the State of Georgia office supply ordering site. The ordering site shows the 'Best Value' icon for these items and according to the site description for this icon it "Indicates items that are included on your contract".

State employees entering the manufacturer item number '8A0478' on the State of Georgia office supply ordering Website for a Lexmark toner cartridge are shown the OEM toner cartridge as a 'Best Value' item for \$108.40. This is not the item bid on the contract; instead a remanufactured toner cartridge was bid in substitution for this item at the much lower price of \$66.56.

This is not limited to toner cartridges. State employees entering the manufacturer item number 654AST on the site are again shown the higher priced 3M brand Post-It-Notes for \$8.55 per dozen. This item is also misidentified as a 'contract' item when in fact, the item bid was a generic brand at the much lower price of \$4.78 per dozen.

## Misidentified Core Item List

Below is a listing of the misidentified core items found to date.

'Best Value' SKU	Price	Bid As Number	Bid Price
987156	\$20.85	574032	\$18.58
172403	\$1.79	521008	\$1.59
834796	\$5.25	723688	\$5.23
666735	\$4.21	843796	\$3.07
506424	\$9.92	843796	\$8.59
360990	\$33.81	955384	\$31.11
218691	\$13.02	775088	\$11.99
617209	\$7.18	723824	\$7.14
761015	\$3.32	843877	\$2.96
411033	\$8.93	843787	\$5.32
946376	\$5.10	445086	\$5.09
172106	\$13.89	739131	\$12.37
173047	\$1.09	520744	\$0.97
320960	\$0.48	753281	\$29.73
489461	\$14.22	520928	\$6.97
TOP3850	\$16.06	363792	\$12.56
232403	\$5.90	520928	\$2.79
550962	\$3.64	740251	\$7.84
443614	\$12.16	880993	\$5.00
356857	\$3.43	409838	\$1.75
964866	\$4.18	409936	\$1.98
964916	\$5.97	409838	\$1.75
492942	\$4.09	980360	\$3.88



<b>'Best Value' SKU</b>	<b>Price</b>	<b>Bid As Number</b>	<b>Bid Price</b>
486248	\$2.68	980328	\$2.66
486312	\$3.12	980352	\$3.53
486368	\$5.30	980368	\$5.28
486328	\$3.89	980360	\$3.88
WLJ38549W	\$12.16	931592	\$12.10
808881	\$1.09	308478	\$1.01
498831	\$1.24	279376	\$1.24
459628	\$16.88	196156	\$12.17
808683	\$9.17	265364	\$8.26
909663	\$2.23	855730	\$1.99
909705	\$2.40	855946	\$2.44
908988	\$22.10	643923	\$5.64
PAP01010	\$1.18	470321	\$7.68
275033	\$5.89	717541	\$2.71
422371	\$7.43	717631	\$2.50
365590	\$10.75	915895	\$7.76
261294	\$7.43	717631	\$2.50
653741	\$6.72	717541	\$3.38
543587	\$6.72	717631	\$3.13
795841	\$8.01	748161	\$1.39
470245	\$3.48	475168	\$3.47
470229	\$2.68	475144	\$3.02
297977	\$20.09	612301	\$6.41
574566	\$5.87	612221	\$2.55
297735	\$20.09	612311	\$18.49
449942	\$25.82	612131	\$10.89
111271	\$13.13	220480	\$13.08
963561	\$5.39	992048	\$4.81
364372	\$19.52	612031	\$5.92
364364	\$19.52	612011	\$5.92
916411	\$43.91	220488	\$43.73
916403	\$43.91	612111	\$14.32
916460	\$5.86	612011	\$5.92
944272	\$20.09	220424	\$20.02
916437	\$12.73	612071	\$3.63
570465	\$5.86	612081	\$1.60
297726	\$15.27	612081	\$6.41
463620	\$20.09	612051	\$6.41
365634	\$5.86	612061	\$1.60
326794	\$43.91	220496	\$49.57
326856	\$5.86	612051	\$1.60
463646	\$20.09	612061	\$6.41
111617	\$10.15	612381	\$3.63

<b>'Best Value' SKU</b>	<b>Price</b>	<b>Bid As Number</b>	<b>Bid Price</b>
916601	\$20.42	612361	\$8.17
375030	\$3.06	268480	\$2.92
323004	\$6.12	773160	\$5.84
796611	\$6.12	772128	\$5.84
865486	\$7.02	510216	\$6.73
865567	\$7.02	509328	\$6.73
950055	\$1.12	278568	\$1.25
724062	\$32.63	138640	\$29.07
502336	\$1.44	137144	\$1.29
504928	\$0.84	274976	\$0.75
229278	\$5.24	275056	\$7.01
550996	\$1.58	274984	\$1.40
605323	\$4.17	998567	\$13.66
885335	\$2.21	475168	\$1.97
592453	\$1.75	313338	\$4.75
576120	\$5.14	392264	\$4.88
990721	\$0.38	424895	\$0.21
698878	\$3.61	633715	\$3.95
698811	\$14.18	633869	\$7.37
438390	\$5.73	633813	\$2.78
934794	\$0.94	935098	\$0.52
935429	\$6.42	581174	\$5.72
936237	\$1.98	522848	\$1.41
938340	\$6.58	677512	\$5.86
964239	\$10.34	583737	\$10.10
964221	\$10.34	583748	\$9.33
964262	\$10.34	677116	\$10.10
964270	\$10.34	677149	\$10.10
433607	\$5.73	633778	\$2.78
433490	\$8.25	939040	\$10.54
433474	\$8.26	634002	\$5.25
433482	\$8.25	633995	\$5.25
438366	\$3.46	633526	\$1.58
433599	\$5.73	633764	\$2.78
433573	\$5.73	609187	\$2.78
433672	\$3.46	633652	\$1.58
433664	\$3.46	633645	\$1.58
433656	\$3.46	633498	\$1.58
433649	\$3.46	633638	\$1.58
433581	\$5.73	633708	\$2.78
AMP22026	\$6.20	441661	\$3.29
320760	\$29.91	474494	\$25.44
692647	\$123.06	361449	\$121.83

<b>'Best Value' SKU</b>	<b>Price</b>	<b>Bid As Number</b>	<b>Bid Price</b>
320518	\$57.29	312165	\$24.56
FEL9140301	\$10.35	513800	\$10.25
183145	\$2.02	900037	\$135.00
539262	\$0.81	719451	\$0.72
502369	\$0.81	719491	\$0.72
SHA22114	\$4.70	277996	\$27.41
911453	\$4.70	278325	\$12.56
SHA22115	\$4.70	277947	\$19.87
QRT853	\$1,366.74	262237	\$8.70
MMF2645BEI	\$28.83	738291	\$4.55
582504	\$19.05	676688	\$14.93
915067	\$11.48	679824	\$11.33
494888	\$3.70	679768	\$3.47
495016	\$6.30	679792	\$5.52
492560	\$8.20	679808	\$7.74
491912	\$3.00	682616	\$2.67
494304	\$5.63	681608	\$5.60
492432	\$8.20	679784	\$7.74
330768	\$8.63	844720	\$3.28
QUA37768	\$3.57	942599	\$3.53
348201	\$5.91	844555	\$4.41
341149	\$8.85	844761	\$6.54
341081	\$5.19	844738	\$3.84
942615	\$6.33	844738	\$3.84
620650	\$21.61	676688	\$14.93
880318	\$7.90	679776	\$7.86
936136	\$19.78	679808	\$15.48
654553	\$3.13	682528	\$2.79
AVE30610	\$10.81	612011	\$5.92
429415	\$0.16	825182	\$0.17
808857	\$0.18	825182	\$0.17
987388	\$4.16	773216	\$3.83
790761	\$9.70	510216	\$9.66
790801	\$9.70	509328	\$9.66
790921	\$9.70	509504	\$9.66
222031	\$14.12	510232	\$9.66
256831	\$14.12	790781	\$10.73
948844	\$2.45	384472	\$10.70
484949	\$16.24	458200	\$11.80
484949	\$16.24	458209	\$5.90
BOS30455	\$7.59	566351	\$7.51
ESSH150F13	\$25.15	470770	\$24.90
216131	\$8.68	508720	\$7.75

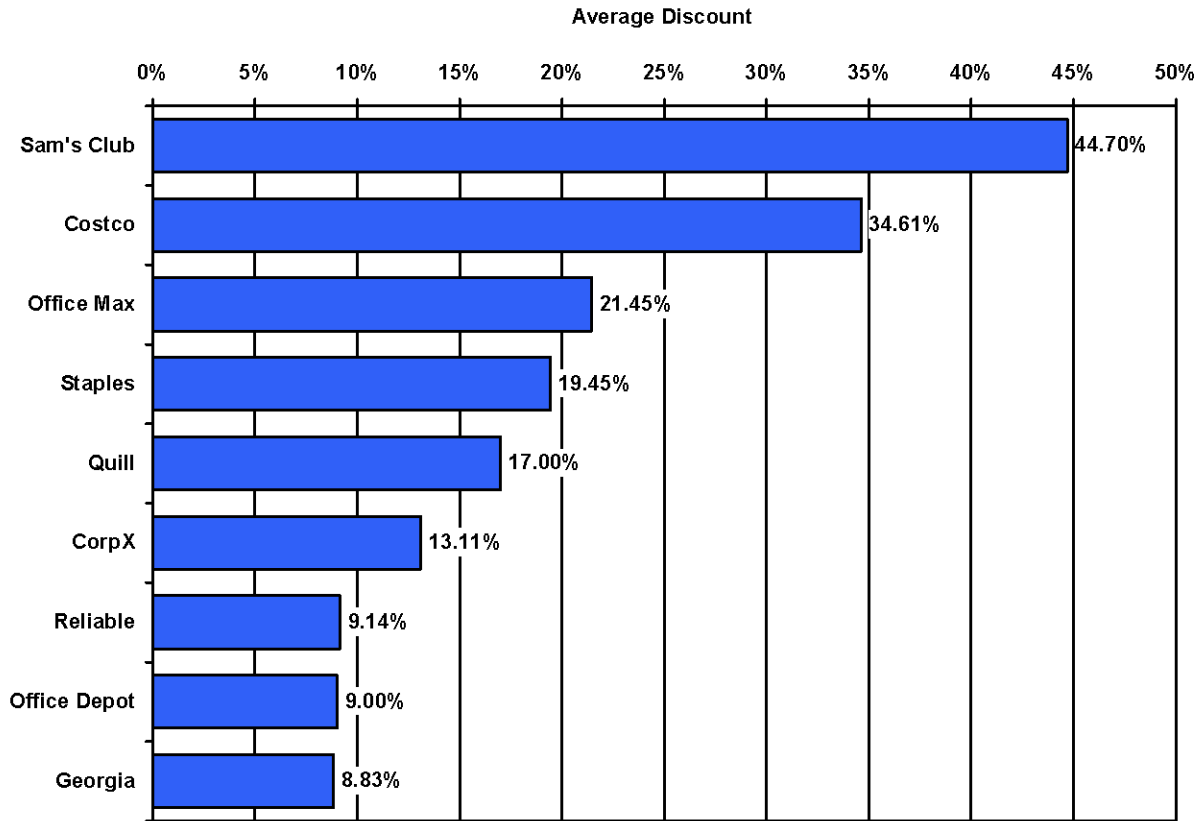
<b>'Best Value' SKU</b>	<b>Price</b>	<b>Bid As Number</b>	<b>Bid Price</b>
619627	\$4.19	268480	\$3.94
682153	\$2.09	268264	\$1.99
343551	\$3.40	508720	\$3.23
420869	\$9.44	951752	\$6.10
203356	\$6.38	951784	\$6.10
204156	\$3.15	271696	\$3.05
565531	\$3.23	154840	\$3.11
419770	\$3.23	154848	\$3.11
524976	\$4.72	154848	\$4.70
527744	\$3.74	154904	\$3.33
524992	\$3.74	154896	\$3.33
524984	\$4.72	154888	\$4.70
524968	\$4.72	154840	\$4.70
751171	\$6.51	772128	\$6.23
751181	\$6.45	773160	\$5.75
680959	\$4.61	928259	\$4.08
193080	\$12.37	508544	\$11.92
580437	\$16.33	508544	\$11.92
216651	\$9.41	193053	\$6.10
202812	\$9.31	660763	\$5.65
347690	\$1.14	758371	\$1.02
211201	\$9.42	391181	\$8.68
211227	\$8.06	161552	\$7.18
500272	\$1.40	522440	\$0.95
488718	\$1.59	522848	\$1.41
803734	\$7.45	522848	\$7.05
810838	\$5.48	172816	\$4.89
315515	\$6.32	172816	\$4.89
549014	\$23.78	196156	\$12.17
254298	\$9.94	532208	\$10.49
307744	\$3.22	331934	\$2.90
270600	\$7.97	510216	\$7.94
270556	\$7.97	509328	\$7.94
997578	\$110.53	648416	\$108.00
997541	\$40.76	217192	\$35.90
186585	\$59.86	449504	\$48.19
384611	\$22.96	587114	\$12.27
325871	\$25.23	514675	\$16.91
154605	\$26.52	611312	\$17.96
419716	\$19.97	966120	\$17.00
419760	\$17.59	966136	\$17.00
440520	\$24.53	975408	\$30.36
440648	\$27.21	757272	\$31.99

'Best Value' SKU	Price	Bid As Number	Bid Price
281761	\$163.48	134976	\$94.06
286943	\$80.73	406331	\$56.69
428309	\$143.69	648552	\$118.10
428318	\$143.69	648536	\$118.10
428265	\$56.01	578622	\$43.46
428336	\$101.14	578677	\$44.40
428345	\$101.14	578710	\$44.40
428256	\$101.14	578732	\$44.40
727371	\$80.79	915337	\$73.57
743161	\$223.86	164107	\$241.87
531235	\$71.25	648056	\$59.04
531262	\$85.83	648080	\$70.86
531307	\$85.83	648088	\$70.86
531325	\$85.83	648096	\$70.86
319275	\$125.81	163990	\$122.83
319055	\$170.21	163954	\$132.27
319209	\$170.21	163846	\$132.27
319099	\$170.21	163909	\$132.27
530569	\$181.93	966256	\$177.53
531100	\$255.31	966248	\$245.56
531199	\$255.31	966264	\$245.56
530650	\$255.31	966280	\$245.56
154414	\$56.74	648112	\$51.96
432865	\$57.97	648176	\$54.80
721828	\$61.44	856584	\$56.60
101552	\$142.47	214392	\$144.23
437986	\$108.67	214336	\$80.83
642851	\$133.97	917384	\$79.10
312040	\$25.52	576928	\$18.90
403721	\$30.04	610960	\$23.63
482291	\$23.92	576928	\$18.90
261272	\$24.72	648632	\$19.84
343427	\$14.30	727611	\$3.19
348037	\$24.81	636024	\$25.65
275474	\$27.87	636024	\$25.65
680017	\$29.08	940650	\$25.54

## Average Discounts off List Price

The following chart shows the average discount off list price using several sources. The CorpX title refers to the Corporate Express public retail Website prices. The Sam's Club, Costco, Office Max, Staples, Quill, Reliable, and Office Depot labels also refer to each entity's public Website prices available to anyone.

The average discount shown is a blended average across all product categories and items. This analysis is commonly used to determine a vendor's overall pricing structure.



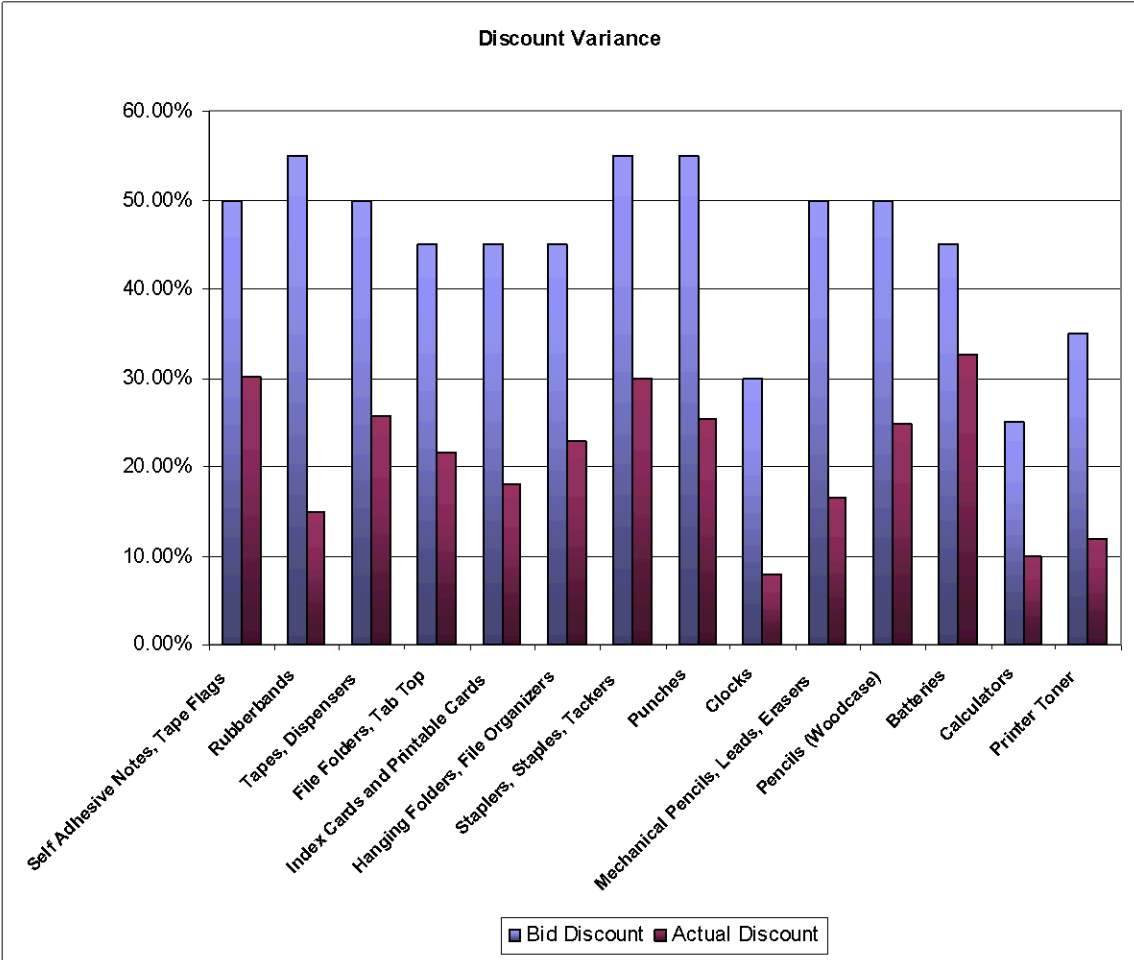
### Discounts by Product Category Do Not Match

Included in the contract bid sheet are 'Additional Discounts' with product classifications and their associated discounts off list price. When products are classified using the United Nations Standard Products and Services Code (UNSPSC), the bid discounts do not match the prices shown on the State of Georgia office supply ordering site.

One significant area to note is Toner Cartridges coded as UNSPSC 44103103 and shown on the 'Additional Discounts' bid sheet as 'Office Depot Printer Toner' with a bid discount off list of 35.00%.

Pricing on the State of Georgia office supply ordering sites contradicts this 'Printer Toner' bid discount with an average discount for toner weighing in at only 11.81%.

# Discount Variance Chart





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## Department of Administrative Services

**Sonny Perdue**  
Governor

**Brad Douglas**  
Commissioner

August 10, 2007

VIA EMAIL ([bob.cetina@officedepot.com](mailto:bob.cetina@officedepot.com)) & US MAIL

Mr. Bob Cetina, Vice President  
Office Depot  
2200 Old Germantown Road  
Delray Beach, Florida 33445

RE: Office Depot/State of Georgia Office Supplies Contract

Dear Mr. Cetina:

The purpose of this letter is to notify Office Depot of performance problems with the contract for office supplies and the actions necessary to fix those performance problems. Specifically, 1) Office Depot has not fulfilled its agreement to subcontract 10% of the value of the contract with a Georgia-based small business(es); 2) Office Depot's Georgia government product catalog has mispriced significant numbers of items; 3) items on the core list are discontinued without prior notice; 4) items offered by wholesalers that are not in the Office Depot catalog are not getting the category discount proposed by Office Depot in its proposal; and 5) frequent list price changes are made to the State of Georgia government product catalog without prior notice.

1. Subcontracting With Georgia-Based Businesses

Office Depot has expressed concern that many of the small businesses who are ideal candidates as subcontractors may have agreed among themselves not to work with Office Depot to frustrate Office Depot's ability to meet its obligation to subcontract 10% of the contract amount. If this is the case, we are willing to review documentation of the efforts that Office Depot has made to subcontract 10% of the contract amount. However, it is important for Office Depot to understand that the decision to award the contract on a statewide basis to Office Depot was based not only on the prices/discounts offered by Office Depot but also on Office Depot's commitment to subcontract with small Georgia-based businesses. Accordingly, Office Depot must provide us with copies of a finalized agreement(s) with a small Georgia based business(es) to subcontract at least 10% of the performance of the contract no later than October 1, 2007; or provide us with documentation that shows substantial efforts by Office Depot to subcontract 10% of the contract amount.



## 2. Incorrect Pricing

Out of 2,632 core items, Office Depot's Georgia government product catalog underpriced 18 core items and overpriced 437 core items. The inability to correctly price almost 18% of the core items is by any measure an otherwise material breach (especially when the vast majority of the incorrectly priced items are overpriced). In addition, out of 15,983 non-core items, only 12,392 items have the correct % discount as required by the contract (1,558 items were overpriced and 2,033 items were underpriced). The inability to correctly price over 22% of the non-core items is also an otherwise material breach by any reasonable measure.

Mitigating this, however, is information provided by Office Depot showing that for the period of March – July 30, 2007, these pricing errors undercharged the state on a net basis by \$24,582. We still have to verify the numbers provided by Office Depot but if the numbers prove accurate, we will take no further action for the mispriced items for the period of March – July 30, 2007 if 1) Office Depot applies the appropriate credits to the applicable agencies' accounts for any overcharges by October 1, 2007; 2) Office Depot agrees to forego collecting for any undercharges; 3) the core and non-core items are correctly priced in the Georgia government product catalog by October 1, 2007; and 4) there are no further material inaccuracies in the pricing of the core and non-core items after October 1, 2007.

## 3. Discontinued Products

While we understand that discontinuation of products is a part of the process of weeding out manufacturers who provide products that are not price competitively, the failure to provide advance notice to the state of discontinued items (especially core items) is unacceptable. Therefore, effective October 1, 2007, Office Depot must provide the state with 45 (forty-five) days advance written notice of any core items that will be discontinued. We appreciate that you have advised us that 2,400-2,500 items will be changed for the upcoming 2007-08 catalog. However, we need specific information about the items that will be changed at least 45 (forty-five) days before the 2007-08 catalog goes into effect.

## 4. Wholesale Products

We understand that there may be some ambiguity regarding whether the "offeror's product list" entitled to the discounts proposed by Office Depot is limited to products in the Office Depot Georgia government catalog or whether the "offeror's product list" also includes wholesale items outside of the Office Depot Georgia government catalog.<sup>1</sup> Because of the ambiguity, we will meet to develop a mutually agreeable "offeror's product list" which will receive the category discounts proposed by Office Depot. If we cannot agree on a "vendor product list" which will receive the discounts proposed by Office Depot, we will need to review the sales volume of these wholesale products to determine if this is a disagreement on a material issue that may jeopardize the contract.

---

<sup>1</sup> Specifically, in response to a question during the bidding process about whether there was requirement that there be a minimum number of items that must be included in the catalog used for the Non Core Discount, the state responded

There is no minimum number of items that must be included in the catalog. The Non-Core discounts (by subcategory) should apply to all items within an Offeror's product list.

There appears to be no further elaboration on what constitutes the "offeror's product list".

## 5. Price Changes

Because so many different people in state agencies order office supplies, there is a reasonable likelihood that some of the people placing the orders don't know the specifics of how pricing on the Office Depot contract works. This makes the price changes and the possible inaccuracies that may arise from such price changes a significant problem. Therefore, effective immediately, Office Depot must freeze all prices for the remainder of the quarter thru September 30, 2007. Further, effective October, 1, 2007, Office Depot will freeze prices on a quarterly basis and 45 (forty-five) days before the end of each quarter, Office Depot will notify the state of the products whose price will change and the amount of the change so that the state can review the proposed pricing change for compliance with the contract requirements.

Certain actions set forth in this letter require the assistance of an outside auditor for purposes of verification. Accordingly, DOAS will select an outside auditor (independent of Office Depot and the regional office supply companies) and the cost of the outside auditor will be borne by Office Depot. If Office Depot cannot cure the performance problems outlined above by complying with requirements of this letter, we will be forced to consider all options including but not limited to termination of the contract or authorizing other suppliers to provide office supplies to the state.

Sincerely,



Joe Kim, Director  
Legal Services

cc: Scott Guttman (via email [scott.guttman@officedepot.com](mailto:scott.guttman@officedepot.com))  
 Billy Grimmett (via email [billy.grimmett@officedepot.com](mailto:billy.grimmett@officedepot.com))  
 Linn Honeycutt (via email [linn.honeycutt@officedepot.com](mailto:linn.honeycutt@officedepot.com))  
 Juanita Strickland (via email [juanita@vipoffice.com](mailto:juanita@vipoffice.com))  
 David Culverhouse (via email [dfetennis@cs.com](mailto:dfetennis@cs.com))  
 Tim Gibney, Assistant Commissioner Procurement  
 Dennis King, Category Cluster Manager

VIA E-MAIL (JJKim@doas.ga.gov)

September 27, 2007

Joseph Kim  
Director, Legal Services  
Department of Administrative Services  
200 Piedmont Avenue, Suite 1804 West Tower  
Atlanta, GA 30334-9010

**Re: State of Georgia Statewide Contract dated March 9, 2007 by and between Office Depot, Inc. and the Department of Administrative Services (the "Contract")**

Dear Mr. Kim:

I am writing in response to your letter dated August 10, 2007, regarding the above-referenced Contract. You state in your letter that: 1) Office Depot has not yet subcontracted 10% of the value of the Contract with a Georgia-based small business; 2) Office Depot's Georgia government product catalog contains erroneous pricing for a number of items; 3) "core list" items have been discontinued without prior notice; 4) items offered by wholesalers that are not in the Office Depot catalog are not getting the category discount as set forth in Office Depot's proposal; and 5) prices for items in the State of Georgia government product catalog are being changed without prior notice. I will address each of these issues.

1) Subcontracting With Georgia-Based Business

Office Depot has not yet finalized an agreement with a small Georgia-based business, but continues to make significant inroads to do so. In November 2006, in anticipation of a contract award, Office Depot began identifying potential partners. After the Contract was awarded in February 2007, Office Depot engaged in discussions with six Georgia-based small businesses in April, May, and June 2007, and in June 2007 selected three potential finalists for partnership consideration. Office Depot subsequently narrowed these three finalists to one, and in August 2007 had this potential partner tour our distribution center in Buford.

Office Depot since has taken additional steps to finalize the partnership arrangement. We have: 1) engaged a third party to assess any integration issues that may arise with respect to the partnership; 2) reached agreement with the potential partner regarding the scope of work; 3) negotiated the terms of the arrangement; 4) discussed the State of Georgia customers that this potential partner will service; and 5) encouraged the potential partner to call some of Office Depot's other Tier One partners as references. It is our understanding that the potential partner is completing its assessment of the proposed arrangement and we expect a decision shortly as to whether the partnership arrangement will be finalized.

2) Incorrect Pricing

As requested in your August 10 letter, Office Depot has applied the appropriate credits to the applicable agencies' accounts for any overcharges and agreed to forego collection for any

undercharges. Office Depot also has verified for all core items and all non-core items in Office Depot's Business Solutions Division catalog that are a part of the State of Georgia Contract are properly priced.

3) Discontinued Products

As requested in your August 10 letter, Office Depot will provide forty-five (45) days advance written notice of any core items that will be discontinued, subject to unavoidable occurrences beyond Office Depot's control.

4) Wholesale Products

Office Depot's representatives have met, and continued to meet, with Dennis King regarding the definition of "offeror's product list." Office Depot has made a proposal, which the State currently is reviewing.

5) Price Changes

As requested in your August 10 letter, Office Depot froze all prices for the remainder of the third quarter through September 30, 2007. Effective October 1, 2007, Office Depot will freeze prices on a quarterly basis and forty-five (45) days before the end of each quarter, and will notify the State which products will undergo price changes and the amount of the change, which will permit the State to review the proposed changes for contract compliance.

Office Depot appreciates the opportunity to address these issues. Please do not hesitate to call if you have any questions.

Sincerely,



Bob Cetina  
Vice President, National Accounts

Copy to: Dennis King  
Category Cluster Manager  
Department of Administrative Services  
[dking@doas.ga.gov](mailto:dking@doas.ga.gov)

Scott Guttman, Office Depot  
Billy Grimmatt, Office Depot  
Linn Honeycutt, Office Depot  
Jason Maltz, Office Depot

**State of Georgia  
Office Supply Contract Analysis  
January, 2008**

Prepared By:

Rick Marlette

[rickm@propsolutions.com](mailto:rickm@propsolutions.com)

770-995-6473

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## Overview

This is a report on the current status of the State of Georgia office supply contract valued at approximately \$60,000,000.

A.T. Kearney (ATK) acted as consultants to the State for this and other contracts. It was reported that ATK was paid \$12,000,000 for their consultations.

It took several years to award The State of Georgia office supply contract. A reason for the delay was the many objections raised by a group of local Georgia-based independent office supply vendors. Their complaints were mainly against the national chain office supply stores.

The independent vendors warned State purchasing officials, the Department of Administrative Services (DOAS), that the chain office supply stores would cause problems for the State. DOAS position was that the independent vendors had to prove these problems and then file a formal protest prior to the award of the contract. The independent vendor group's position was that the problems could not be proven until the chains were awarded the contract and began to service the State's office supply needs.

DOAS did award one of the chain office supply stores, Office Depot, the exclusive contract for the State of Georgia office supplies. This award took place in March 2007 shortly after it was revealed that Office Depot was to pay the State a \$1,500,000 signing bonus.

Continuing to protest, especially now that Office Depot was named the exclusive vendor on the State office supply contract, the independent vendors warned that exclusivity would cause even more problems for the State. In the past there had been multiple vendors for the State's office supplies.

In an apparent effort to silence the objections of the independent vendors, DOAS allowed the independents to perform their own audit on the State office supply contract and the State purchases from Office Depot. DOAS provided a login and password to the Office Depot Website used by State employees to order office supplies. DOAS, through Jon Jensen an ATK employee, also provided a single month of purchase detail for September, 2007.

As one of the only persons in the nation specializing in analyzing and monitoring office supply chain store pricing and bidding practices, I was contacted by the independent vendors to help in their analysis.

## Examples

Examples and supporting attachments of specific problems are shown where necessary.

**The examples, and specific problems called out in this report, represent only a small portion of problems uncovered with this contract.**

## What Went Wrong

In order to understand what went wrong, you have to understand the psychology that goes into the typical office supply bid/contract when the national chains are involved. This is true of all the national chains, not just Office Depot.

The best way I can explain the indoctrination that takes place is to quote Brad Douglas commissioner of DOAS. In a March, 2007 OPI magazine article about the



State of Georgia office supply contract, Mr. Douglas stated: "The discounts received from the winning bidder were more than TWICE the BEST discounts of ANY of the regional vendors and MOST were FAR WORSE than that."

I have absolute confidence that Mr. Douglas believes that statement to be true, but what he doesn't realize is that he and his consultants were told, by a highly trained professional, exactly what they wanted to hear.

It's the same old carnival trick played by the fortune tellers. Tell them what they want to hear and let their ego's do the rest. That's exactly what Mr. Douglas wanted to hear, huge discounts, huge savings for the tax payers, and of course, all thanks to me.

Mr. Douglas is not alone. The head of purchasing for North Carolina boasted he was getting a seventy percent discount when Office Depot was caught overcharging his state. It's amazing that even when faced with overwhelming evidence of misconduct by the office supply chain stores, these officials still believe they are getting a good deal for their taxpayers. The chains are experts at playing this psychological game, and they play it to a tee.

So why do these otherwise intelligent individuals believe that they, apart from all others, are getting this wonderful deal from the office supply chain stores? I say apart from all others because all one has to do is look at the huge profits these publically traded chains chalk up quarter after quarter. They aren't giving product away. They are making huge profits.

You will hear counters of "They have better buying power because of their size." What you won't hear is the office supply chain stores consistently rank in the top 200 all time spenders on advertising. You also won't hear about the fortunes spent on high rent retail stores. These added expenses, not present with independent vendors, not only eat up any buying power advantage, but force the chains to charge even MORE in order to keep Wall Street happy.

Part of the problem is that the State has traditionally dealt with in-state independent vendors that operate fairly and with principles. The office supply chains are relatively new vendors in this process. In the past, the independent vendors didn't have to be watched. They did what they agreed to.

## **Designed For Disaster**

AT Kearney acted as consultant to the State throughout the bid and award process for the office supply and other contracts. ATK was allegedly paid twelve million dollars (\$12,000,000) by the State for their consultation services.

ATK, along with DOAS, has constructed a contract destined to fail. All of the problems with the contract can be attributed to a lack of experience in dealing with suppliers in the office products industry, most notably the chain stores. All the problems outlined here are well known industry facts. The independent vendors warned both DOAS and ATK about many of these potential problems during the bid process, which have now become actual problems as Office Depot has begun servicing the State's office supply needs.

## **About The Contract**

The items on the office supply contract bid consist of two groups. There is the 'core list' and 'everything else'.

The core list is to consist of the most commonly used office supplies. All items on the core list are bid at a fixed price for the length of the contract. Exceptions to this are the price of copy paper, which can change based on specific criteria.

Everything else is bid at a discount off 'list price' by category. For example a vendor may bid a 40% discount on all toner cartridges, or a 30% discount on all inkjet cartridges.

The core list and categories that vendors bid on were approved by ATK.

## **Independent Audit Results**

In July 2007, after receiving the go ahead from DOAS, my independent audit immediately turned up a large number of core pricing irregularities. These were then reported to DOAS. In turn, DOAS informed Office Depot of the problems resulting in a letter from Office Depot admitting to the core pricing irregularities (Attachment A).

The admission by Office Depot claimed the State was undercharged in total. Further investigation by the group of independent vendors revealed that Office Depot had an erroneous formula in their spreadsheet (Attachment B), and in fact, Office Depot had overcharged the State by \$88,000.

On August 10, 2007, DOAS issued a cure letter to Office Depot (Attachment C). In this cure letter five (5) problems were specifically called out for Office Depot to address.

On September 27, 2007 Office Depot responded to the DOAS cure letter (Attachment D) agreeing, for the most part, to abide by the terms of the contract and addressing the five (5) problems called out in the DOAS cure letter.

## **The \$88,000 Question**

The DOAS answer to the \$88,000 mistake in Office Depot's admitted pricing irregularities was that it was up to the individual agencies over charged by Office Depot to apply for the credits themselves.

It is questionable if these overcharged agencies received the proper notification of the overcharges and their amounts in order to make such requests to Office Depot.

To date, DOAS has not stated that any of these agencies have received their credits due from Office Depot.

## **Conflict of Interest**

In October 2007, after Office Depot had claimed to fix the core pricing problems, the independents and I met with DOAS representatives. We once again showed more core pricing problems. We also revealed the \$88,000 overcharge at this meeting.

It was clear that our information was not welcomed by DOAS. It was also clear to DOAS that the cure letter they had tried *did not work*.

We were also told that Jon Jensen, ATK employee and architect of the office supply contract and core list, was the new person in charge of verifying Office Depot's contract compliance.

The independent vendors and I felt this was a conflict of interest and that ATK had something to gain by making the contract appear to be good for the State.

During the meeting with DOAS, I asked Jon Jensen if ATK had anything to gain from Office Depot's contract compliance. Jon replied "Yes", but was immediately over spoken by Joseph Kim, the State's attorney, who said "No, they don't."

On the subject of conflict of interest, I am on the side of the independent vendors and have made that clear to DOAS and all others involved.

## **Problems with the Contract**

Twelve major problems with the State of Georgia office supply contract are shown here. Again, both DOAS and ATK were advised prior to the contract award about most of these problems.

### ***Unrealistic Core Pricing***

**ATK should have realized that the prices bid by the vendor could not be honored.**

Although Office Depot should be held accountable for agreeing to the unrealistic core prices they bid, ATK should have realized that something was wrong. At a bare minimum, ATK should have been especially focused on assuring the State that it would in fact receive these unrealistically low prices. ATK should have checked the Website for accurate core pricing before the contract went into effect.

### ***Unmanageable Core List***

**ATK has devised a core list containing far too many items to be effective or manageable.**

The layout of the core list Excel file is overly complicated and confusing (Attachment E) and could be easily misunderstood by the State and the vendor.

ATK's own employee (and architect of the core list) wrongly states that vendor SKU 803742 is incorrectly priced on the Website in an email dated November 11, 2007 (Attachment F).

SKU 803742 is not even a core item but was replaced by SKU 522952, which is correctly priced on the Website. The SKU in this example is on the bid sheet 'Key ID' 1970.

It has taken months of work to organize and check the core list devised by ATK. The unmanageability and complexity of the core list accounts for a large portion of the problems and pricing errors.

### ***Vendor Controls SKU Numbers***

**ATK has allowed the vendor (Office Depot) to use their own made-up SKUs as the basis for the bid.**

ATK has also allowed the vendor to control the SKU (Stock Keeping Units) item numbers used in the reporting and auditing processes. The vendor is free to create, assign, discontinue, and change SKU item numbers at any time without restrictions under the contract.

The Vendor makes up the SKU item numbers and they have no relationship to the manufacturer part number, or the UPC (Universal Product Code-Bar Code) number.

### ***Retail Stores***

**ATK has incorrectly promoted retail stores as a vendor advantage.**

ATK has promoted the vendor's retail stores to the State as beneficial with ridiculous statements such as "State employees can run out to the many retail stores to purchase tape in an emergency."

Regardless of the insurance risks involved, State employees should remain at their assigned posts performing their assigned tasks and NOT out shopping at retail stores on the taxpayer's time and with the taxpayer's credit card.

This failure to recognize the pitfalls of retail store shopping demonstrates the inexperience that went into the office supply contract for the State of Georgia.

### ***Single Source***

**ATK has put the State's orderly operation at risk by promoting a single source.**

ATK advised the State that a single source would provide huge benefits in the form of consolidated usage and reporting. Allowing the vendor to create, change, and discontinue reporting SKUs at any time, which ATK has allowed under this contract, puts this assumption of benefit in severe doubt.

Single source has the potential to adversely effect the State's smooth operation if a vendor were to become financially insolvent or otherwise unable to perform their duties under the contract.

No supplier, regardless of imagined size or familiarity, could quickly ramp up to service the State's office supply needs should a failure occur. The State could expect the potential for severe shortages and personnel hardships should such a failure take place.

It would be in the State's best interest to have back-up and secondary suppliers ready to meet the State's needs should an emergency arise.

ATK should have realized, and warned the State, that the single act of setting up the thousands of State office supply users would take ANY company many weeks to accomplish.

### ***No Core Item Catalog***

**ATK failed to include a requirement for the vendor to produce a core item catalog.**

ATK failed to include a vendor requirement to produce, distribute, and provide to all State office supply users a core item catalog. Not having easy access to a core list of items significantly reduces the ability of the State employee to purchase the products that are in the best interest of the State taxpayers.

### ***Discounts on Catalog Only***

**ATK failed to clearly specify and enforce the items covered by category discounts.**

ATK continues to allow Office Depot to apply category discounts on 'catalog items only'. The original bid specified that bidders were to bid category discounts on their 'entire product offering'.

ATK is aware that Office Depot is applying category discounts to catalog items only. ATK is also aware that the primary ordering vehicle for State employees is the Office Depot BSD Website. Absolutely NO indication as to the catalog status for an item is shown on the Website.

The latest Office Depot retail catalog states there are over 17,000 products in the Big Book but that the user should shop on-line for an even larger selection of over 30,000 items.

It should be noted that both the retail catalog and BSD catalog are very similar in size and both the Office Depot retail Website and the Office Depot BSD Website contain the EXACT same items.

When confronted on this issue, the response from ATK was that "They (Office Depot) needed to make a profit."

### ***Unverified Core List***

**ATK failed to verify that the core list contained active items prior to the award.**

ATK failed to verify the core list prior to awarding the contract. At the time the contract was awarded, the core list contained a significant number of deleted items. Although it took some time between the preparation of the bid list and the award of the contract, this is no excuse.

ATK failed to verify that every item was available on the designated ordering Website prior to the contract going into effect.

ATK failed to verify that proper pricing was being charged on the designated ordering Website prior to the contract going into effect.

### ***No Discontinued Core Item Procedure***

**ATK failed to include a procedure for handling discontinued core items in the contract. The vendor is free to discontinue core items at will.**

Failing to include a discontinued item procedure leaves the vendor open to discontinue core items at will. Unprofitable items can simply be discontinued and replaced with MUCH higher priced substitutes. Since ATK has allowed the vendor to use their own made-up SKU part numbers, there is no manufacturer tie-in making it very difficult to verify if the product was actually discontinued by the manufacturer.

### ***No Penalty Clause***

**ATK failed to include a clear penalty clause in the contract.**

Since ATK failed to provide a significant penalty clause in the contract, there is little the State can and/or is willing to do about the multitude of repeated violations by the vendor.

### ***No Website Review***

**ATK failed to thoroughly review the primary ordering Website used by State employees.**

ATK failed to review the design and implementation of the ordering Website used by State employees to order office supplies. Items can change price when added to the cart, core items do not come up in 'Keyword' searches, and out-of-stock situations are not always handled in the State's best interest.

### ***Core Item Units of Measure***

**ATK failed to address the multiple units of measure that core items may be sold in.**

ATK failed to ensure that core pricing would be applied to all core items regardless of the unit of measure. State employees (and taxpayers) are being penalized when some core items are purchased in box or dozen quantities.

Likewise, some State employees may be unknowingly penalized by buying smaller units of measure of the exact same core item.

## **Initial Problems with the Core List**

The core list contained many problems when it went into effect in March, 2007. Some of those problems are outlined here.

### ***Core List Contained 18% Mystery Items***

Of the 2,643 items on the core list, only 2,170 of the Office Depot made-up SKU numbers can be matched up with actual products.

The 473 unmatched items account for 18% of the total core items.

It is not an uncommon practice for office supply chain stores to make up usage and products they can then bid at low prices.

### ***Core List Contained 10% Discontinued Items***

Of the 2,170 identified items on the core list, 215 are discontinued on the Office Depot Website used by State employees.

This accounts for 10% of the core items.

Note that all of these items have not been verified they are actually discontinued by the manufacturer, only that Office Depot claims they are discontinued. State employees cannot order any of these allegedly discontinued core items.

### ***15% of Core List Not in Catalog***

Fifteen percent of the core list items are not in the Office Depot Business Services Catalog used by State employees.

With ATK not requiring a separate core item catalog, how is the State employee to find these lowest priced items?

### ***41% of Core List cannot be found With Keyword Search***

An astonishing 41% of the core list items will not come up on the Website using keyword searches.

## **Continuing Core List Problems**

ATK clearly did not know what they were doing when it came to producing a core list. Relying on Office Depot to produce the core list, the State's usage figures, and to use the Office Depot made-up SKU item numbers in the official bid was simply asking for trouble.

Office Depot did exactly what the independent vendors warned: they made the core list as large and complicated as possible. It's easier to hide in a crowd and it's easier to hide profit boosting 'mistakes' when the core list is unruly, unorganized, and of your own making.

ATK would have the State believe that the core list is a work in progress. This is nonsense. ATK put little work into the core list from the beginning, opting instead to

get the primary core list from Office Depot. Nor is "progress" a word that accurately describes this core list. Instead of progressing, the core list has deteriorated into discontinued, substituted, duplicated, and a practically worthless collage of items suited solely to the needs and whims of the vendor who is mainly responsible for its creation.

### ***2005 Calendar SKUs***

ATK has allowed Office Depot to bid on SKUs used for the 2005 version of all the State's calendars.

This costly mistake for State taxpayers is a direct result of ATK allowing Office Depot to use their own made-up SKU item numbers.

Office Depot changes their made-up SKU item numbers for calendars every year. The official bid list contained the SKU item number that Office Depot made-up for the 2005 calendars. This was also the unchecked core list that ATK allowed to go-live when the bid was awarded.

In just the month of September 2007, and only the calendars that I converted to the proper and current 2008 SKU, the State was overcharged by more than \$12,000.

It should be noted that the contract does specify that the vendor must bid on and supply the current year calendars.

It should also be noted that Office Depot did change the price on some of the calendars to reflect the price they had promised the State in their bid. These changes were most likely due to complaints received from State employees regarding the very high prices on Office Depot calendars. I said some of the calendars, not all, which indicates that Office Depot was very much aware of the problem but neglected to come into complete compliance with their promises to the State.

See the Excel attachment: GA-ATK-Calendars.xls for the details of the \$12,000 ATK oversight that cost the State taxpayers in the month of September.

### ***Multiple Units of Measure***

Core items are being sold by Office Depot in multiple units of measure. This should have been covered under the contract devised by ATK. It was not.

Core item SKU 914266 is on the bid sheet as a unit of 'EA' (Each) and a price of \$.93.

Non-core item SKU 925221, the exact same product but in a box of 10, is on the Website for \$56.53 or \$5.65 each.

Both of these SKUs were sold to the State in the month of September.

Some State employees paid \$.93 for these folders, others paid \$5.65 for the exact same folder.

This is not the only example of buying in multiple units of measure that cost the State taxpayers dearly. The price paid for core items can quadruple from the bid price depending on which of the multiple packages the State employee chooses to buy.

### ***Bait and Switch***

If one had to select a group of products that represented office supplies, most certainly this group would include 9 X 12 catalog envelopes. This staple of the office

product industry was a best seller when I took my first job as purchasing agent for an independent office supply company in 1974. And it continues today to be one of the top selling items in the industry.

Anyone with even the slightest knowledge of the office products industry knows this top selling item and its importance in multiple applications throughout any office.

So why is it that this top selling item was not sold to the State of Georgia in the month of September? If you take it at face value, it certainly looks that way. The core item SKU from the bid sheet does not appear anywhere in the September, 2007 usage.

It is because the SKU Office Depot used on the bid has been discontinued. ATK thinks everything is fine, but it isn't. See the 'Smoke and Mirrors' for the reason ATK can't see the forest for the trees.

Certainly 9 X 12 catalog envelopes have not been discontinued. Anybody should realize that. What is occurring is that Office Depot cannot deliver the product at the price they bid, so they discontinue their own made-up SKU and sell the exact same product under a different made-up SKU at a significantly higher price.

Office Depot SKU 844738 representing 9 X 12 catalog envelopes is on the bid sheet at \$3.88 per box. One of those great discounts Commissioner Douglas is proud of. This same Office Depot SKU 844738 has been discontinued and cannot be ordered.

Office Depot SKU 341081 also represents 9 X 12 catalog envelopes and was sold to the State of Georgia to the tune of 338 boxes in September alone. Just one little difference: instead of the \$3.88 bid price, Office Depot charged the State \$5.19 per box, \$1.31 higher per box than the bid.

### ***Exact Same Product, Different SKU***

Core item SKU 365475 is on the Office Depot Website under two different Office Depot made-up SKU numbers. Core SKU 365475 is priced at \$10.66 while the exact same item with SKU 438903 is priced at \$22.03.

I selected this particular example because the 438903 SKU actually says it is a duplicate on the Website. That means Office Depot knows about this problem. It didn't stop them from selling both SKU's however, nor did it stop them from charging the State the near double price of the duplicate SKU.

Both SKUs 365475 and 438903, identical items were sold to the State in September at the two different prices of \$10.66 and \$22.03.

This is only one of many examples.

365475.PDF and 438903.PDF attached.

### ***Smoke and Mirrors***

In what can only be described as an intentional effort to deceive, Office Depot does not make it clear that THOUSANDS of their made-up SKUs cannot be ordered by State employees.

This trick fooled ATK into believing that all was well with the core list, even after they had been told that this was not the case.

Using the 9 X 12 catalog envelopes as an example, entering the discontinued 844738 SKU on the Office Depot Website used by State employees, it looks fine. The product comes up, the price is correct, and all appears well.



Now try adding the item to the cart. BOOM – Discontinued. Now you see it, now you don't.

See attachments 844738.PDF and 844738-AddCart.PDF for screen shots of this smoke and mirror trick.

Important Note: Although these examples were performed using the Office Depot Website for State of Georgia employees, this same example, using the same SKUs also works on the public retail site: officedepot.com.

### ***Multiple Prices Charged for Core Items***

During September, 2007, the State paid multiple prices for the same core items. Core items are supposed to be fixed price and should be static for the life of the contract.

The State was charged four different prices for core item SKU 305466 during September. The State was charged \$4.36, \$4.76, \$6.79, and \$6.99 for the exact same item and Office Depot SKU number.

The State was charged five different prices for core item SKU 733601 during September. The State was charged \$2.24, \$2.63, \$2.66, \$2.71, and \$3.99 for the exact same item and Office Depot SKU number.

The State was charged a difference of over \$700 between two sales of the exact same item in the month of September. Core SKU number 365091 was sold to the State for \$999.70 and \$1,700.00 for the exact same item and Office Depot SKU number.

Unfortunately for State taxpayers, and like all the other examples shown in this report, these are only a very few of the many, many problems with this contract.

## **Other Problems**

Other problems exist with this contract, including the fact that a substantial number of core items were not sold during the month of September 2007.

### ***No Sale***

Any vendor can bid incredibly low prices, "more than TWICE the BEST discounts of ANY of the regional vendors" according to DOAS Commissioner Brad Douglas.

IF they don't have to deliver the product!

Five hundred thirty seven core items were not sold to the State in September, 2007.

This is over 25% of the identified core items (2,170) that were not sold. These items just happen to be some of the lowest prices bid by Office Depot.

So what is going on here? Remember that the core list is supposed to contain the most popular items the State uses. Why does this core list contain so many items that the State is not buying?

There are many reasons why these items are not sold. One reason is that the SKUs Depot bid is for bidding ONLY and NEVER shipped. It is a yet another result of the incredibly inexperienced ATK allowing Office Depot to use their made-up SKUs.

Attachment G contains an Excel file listing the 537 core items with no sales in September.

### ***Retail Stores + State Credit Card = Temptation***

As stated, ATK touted retail stores as a big plus for a vendor, almost to the point of retail stores being a 'must have' if you had any hope of winning the bid.

I suspect this is a poorly hidden prejudice against independent vendors, very much favoring the chain stores. But there are other problems with retail stores that ATK isn't telling or just doesn't know.

I want to make it clear that I am not accusing anyone of any crime or misuse of State funds. I am only pointing out suspicious situations regarding the Office Depot retail stores that may need to be looked at by a manager. The fact that managers should review in-store purchases significantly adds to the cost of the supplies. In many studies it has been shown that management review can quadruple the cost of the supplies themselves.

### **Blue Tooth Headset**

Account number 20820504, ship to Ga. Tech, 505 10<sup>th</sup> Street, Atlanta. SKU 330356 a Blue Tooth Headset was purchased at Office Depot retail store #453 located at Market Square in Douglasville, 27 miles from the ship to address.

### **Digital Photo Frame**

Account number 20820504, ship to Ga. Tech, 505 10<sup>th</sup> Street, Atlanta. SKU 293494 a digital photo frame was purchased at Office Depot retail store #294 located at 845 Barrett Parkway across from Cobb Place Mall in Kennesaw, 22 miles from the ship to address.

### **MP3 Player**

Account number 31887032, ship to Savannah Tech, 5717 White Bluff Road, Savannah. SKU 931971 a MP3 Player was purchased at Office Depot retail store #314 located at 7939 Abercorn St, Savannah, 2 miles from the ship to address.

### **Baking Soda and Pine Sol**

Account number 22241843, ship-to Dept. of Labor, 128 International Blvd, Atlanta. SKU's 594746 and 372394 baking soda and Pine Sol were purchased at Office Depot retail store #353 located at 1529 Hwy. 85 North, Fayetteville, 23 miles from the ship-to address.

### **Portable DVD Player**

Account number 20820504 ship-to Ga. Tech, 505 10<sup>th</sup> Street, Atlanta. SKU 515365 a Portable DVD Player was purchased at Office Depot retail store #2519 located at 121 Willow Lane, McDonough, 30 miles from the ship-to address.

### **80 Rolls of Toilet Tissue**

Account number 22241843, ship-to Dept of Labor, 148 Andrew Young Blvd, Atlanta. SKU 644675 a total of 80 rolls of Toilet Tissue was purchased at Office Depot retail store #143 located at 119 North Cobb Parkway, Marietta, 17 miles from the ship-to address.

This was the only purchase of this item in the month of September which made it suspicious.

## The Re-Man Rip-Off

It's reasonable for State employees to assume that purchasing re-manufactured products will save the State money. This is not necessarily so when Office Depot is the vendor.

Office Depot brand re-manufactured toner SKU 343915 is priced to State employees at \$79.55. The same OEM (Original Equipment Manufacturer) toner is priced to State employees at \$79.30.

Both of these products, the re-man and the OEM versions, were sold to the State in September.

## Disappearing Discounts

The State spent \$41,182.73 on laser printers and laser fax machines in September, 2007.

If I myself, acting as an individual were to buy the exact same laser printers and fax machines as those purchased by the State, I would pay only \$32,897.32. I would save over \$8,000!

How could I do that? Simple, just buy the exact same products, using the exact same SKU that the State purchased, but use the Office Depot RETAIL Website [www.officedepot.com](http://www.officedepot.com), the same site with prices available to anyone in the United States.

So, if the State had paid 'retail' prices for their laser printers and fax machines, they would have SAVED \$8,000!

And that is by no means all.

If the State had purchased their file cabinets and storage cabinets at the Office Depot retail site, they would have saved another \$1,000.

## Conclusions

These are only some of the examples and problems with this contract. Detailing them all would take months if not years to produce.

There are far too many problems with this contract for any reasonable person to believe it can be salvaged or made good.

The multitude of pricing errors, substitutions, and core list problems makes the job of recovering the taxpayer's money extremely difficult and costly.

ATK, by painting the State into a corner with their single source vendor recommendation, leaves few options for the State.

Every day that the State allows this contract to stay in force is costing the State taxpayers dearly.



Trust • Excellence • Service

## Department of Administrative Services

### State Purchasing Division

Tim Gibney, C.P.M.

Assistant Commissioner-Procurement

Sonny Perdue  
Governor

Brad Douglas  
Commissioner

February 8, 2008

VIA EMAIL ([bob.cetina@officedepot.com](mailto:bob.cetina@officedepot.com)) & US MAIL

Mr. Bob Cetina, Vice President  
Office Depot  
2200 Old Germantown Road  
Delray Beach, Florida 33445

RE: Office Depot/State of Georgia Office Supplies Contract  
Statewide Contract No.SWC70760

Dear Mr. Cetina:

The purpose of this letter is to notify Office Depot that the above-referenced contract is being terminated due to Office Depot's inability to satisfactorily address the performance defects in the August 10, 2007 cure letter – most notably ongoing mistakes in pricing. As you know, we have been working with Office Depot for the past six months to try to help Office Depot address the problems identified in the August 10 cure letter. While some progress has been made in that the number of mispriced items in Office Depot's online Georgia government product catalog have been reduced, a recent visit to the Office Depot website shows that Office Depot continues to misprice items every month. For example,

-SKU 992305 File Guides is supposed to be priced at \$33.76 but Office Depot's online Georgia government product catalog is charging State customers \$74.29 (and then for some reason the price jumps again to \$77.89 when added to the shopping cart)

-SKU375808 Smead 1/3 Cut Folders Pack of 24 is supposed to be priced at \$1.82 but Office Depot's online Georgia government product catalog is charging State customers \$11.91

Furthermore, the operation of Office Depot's online Georgia government product catalog continues to have problems rerouting State of Georgia government customers to agreed upon substitutes when a product has been discontinued. For example

-SKU422407 Bic Z4 Liquid Ink Rollerball Pen 12 Pack priced at \$7.84 was discontinued. SKU375931 was the approved alternate at the same \$7.84 price. However, Office Depot's website provides SKU312653 with a price of \$9.70 as the alternative (and then for some reason "our price" shows as \$16.53)

-SKU2555585 Pentel Tetra Liquid Ink Rollerball Pen 12 Pack priced at \$5.66 was discontinued. SKU216951 was the approved substitute at the same \$5.66 price. However, Office Depot's website provides SKU527624 with a price of \$15.76 as the alternative (and then for some reason "our price" shows as \$28.50)

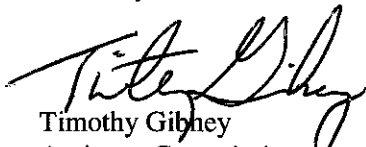
While there are also other mispriced items that are underpriced rather than overpriced, the point is that pricing continues to be incorrect. Especially troubling is that it has fallen to State of Georgia government staff to constantly monitor and raise these errors with Office Depot rather than these errors being addressed proactively by Office Depot as part of quality control in the ordinary course of business. In contracting with Office Depot, the State of Georgia never contemplated being responsible for ongoing quality control of Office Depot's online Georgia government product catalog and our staff has devoted entirely too much time toward this effort over the past 10 months. It has become readily apparent that Office Depot's use of its retail website to service the State of Georgia government product catalog (with different pricing from Office Depot's retail pricing) will not allow for the self-sufficient administration and performance of the contract by Office Depot without extensive State of Georgia staff management and quality control of the information on the website. Therefore, the contract must be terminated.

By this action, there is no official statewide contract for office supplies. Accordingly, state agencies are authorized to purchase office supplies on the open market from any vendor until further notice.

Because the contract is terminated, please immediately disable the State of Georgia portal and cancel all passwords (state and local government) associated with users authorized to use the contract. Please confirm to us in writing by next week that this has been accomplished. If the State of Georgia portal is not disabled and passwords canceled, we will seek injunctive relief to make sure no one is under the impression that the contract is still in place or otherwise available for use.

In addition, as a result of Office Depot's performance under this contract, Office Depot is suspended pursuant Section 7.21 of the *Georgia Vendor Manual* for 120 days from the date of this letter to allow for consideration of debarment. During this period of suspension, Office Depot (like any other vendor) can provide office supplies to state agencies on the open market but Office Depot will not be eligible to bid on any state contracts. If Office Depot is ultimately debarred, Office Depot would also not be eligible to provide products to state agencies on the open market.

Sincerely,



Timothy Gibhey  
Assistant Commissioner  
State Purchasing Division

Cc: Commissioner Brad Douglas  
Terry Doumkos, Director of Strategic Sourcing  
Dennis King, Category Cluster Manager

## Mercury News investigation: State deal benefits giant retailer

### SMALL BUSINESSES RARELY PLAY ROLE IN SUPPLY CONTRACT

By Kimberly Kindy  
Mercury News Sacramento Bureau

Article Launched: 04/06/2008 01:39:00 AM PDT

#### Related links:

- [Press release announcing details of a state office supply contract under investigation](#)
- [Four state employees being honored with a "Governor's Award" for their efforts in the office supply contract](#)

SACRAMENTO - State officials in 2006 hailed as "unprecedented" their success in getting small businesses involved in selling office supplies to California agencies.

Exceeding even Gov. Arnold Schwarzenegger's ambitious target, small businesses were going to handle a "stunning" 98 percent of the sales of supplies to state agencies. Even better, the state's contract with a partnership of nine small businesses - combined with the purchasing power of Office Depot - was going to cut costs in half.

Two years later, a Mercury News investigation has found that the contract failed on both counts.

The nine small businesses rarely play a role as state employees place orders each weekday for scissors, copy paper and batteries. In fact, not a single

employee of any of these companies actually works at the Lafayette office where orders are processed. Instead, that office - which all nine listed as their address on state forms - is staffed by an Office Depot subcontractor.

The state spent more than \$32 million for office supplies in 2007.

As for the savings, a Mercury News analysis shows the annual cost for office supplies rose 20 percent under the contract and included tens of thousands of dollars in overcharges.

"I think it's a scam," said Rick Marlette, a professional marketing analyst whose audit of the office supply contract in Georgia spurred state officials to kill their deal with Office Depot last month. "They've played these tricks in the past, gotten by with it, and they've gotten bolder and bolder."

In Marlette's study of California's contract and billing records - more extensive than that conducted by the newspaper - he concluded the state has overpaid more than \$1 million in office-supply purchases. After being presented with Marlette's findings and other small-business owners' concerns, the state launched its own audit.

Office Depot contends that the company has worked to save the state money and that billing errors more often than not favored the state. The company noted that price increases either were within the contract or received specific state approval.

#### 'Spot checked'

The California audit follows a two-year stretch in which state officials paid the bills with virtually no scrutiny.

# The Mercury News

MercuryNews.com

State contract manager Hiroko Kurosawa said she "spot checked" the amounts the state was billed for goods against the contract prices. Overcharges were rare, she said. And when they did happen, she alerted Office Depot and trusted that the company corrected the problem. "I didn't keep a tally," she said. "I didn't track it."

The contract proposal was presented as a hybrid business model that could give employees the best of both worlds: the personalized care of a small business, combined with the vast product offerings of a giant supplier.

The state was deeply involved in crafting this model from the beginning.

In spring 2006, after the state had already issued its invitation for companies to bid on the massive contract, the Department of General Services held two job fairs to match small businesses - even those without prior office-supply experience - with four Big Box office supply companies.

Office Depot beat its competitors for the contract in two moves. First, it offered the lowest-priced items, agreeing to sell dozens of key or "core" items for prices that were far below retail rates: \$3 scissors for 15 cents, a \$30 chair mat for \$1.84, and a \$20 three-hole punch for \$4.49.

Then it added nine small companies to the contract, more than doubling the participation other Big Box companies promised in their proposals. Only four of the small companies had prior experience selling office supplies, but the state gave Office Depot bonus points for each company nevertheless.

But reasons to question the Office Depot proposal were quickly evident. There was, for one thing, the fact that all nine small businesses listed the same Lafayette office, with the same customer-service

number and the same San Francisco billing address.

The Lafayette site is an unmarked office filled with brown cubicles and computer screens

### How Office Depot enjoys benefits of contract to help small businesses



(CLICK TO ENLARGE)

that blink with Office Depot's red and white home page.

It is staffed not by the nine businesses but by Office Depot subcontractor Epylon - which crafted the online ordering system for the contract. Epylon's dozen employees in the office manage the Web site, answer the customer-service calls, respond to e-mails from state employees and process the orders. When state employees log in to place an order, they are switched automatically from a portal bearing the name of one of the small businesses to the Epylon site where they order from a large list of Office Depot products.

"Somebody in the state should have said, 'Hey, this doesn't pass the smell test,'" said Bill Jones, vice president of a Redwood City office-supply company, who has joined with other small-business owners to ask for the state audit.

State officials said they are investigating now to see whether the contract violates a state law that requires small businesses to play active roles in contracts they sign with the state. Assemblyman Ira Ruskin, D-Los Altos, has launched his own investigation into the contract.

Owners of firms involved in the Office Depot contract insisted they are very involved in the deal,

# The Mercury News

MercuryNews.com

acting on the front and back end, as sales agents and bill collectors. "I'm helping customers with product selection. I answer questions about invoices," said Bonnie Cerkliski, owner of Rancho Cordova-based The Primary Source. "I collect. I'm always out there collecting."

## Price questions

There were other early signs in the contract that state officials might have questioned.

For example, how could Office Depot promise a two-year fixed rate of 15 cents for a pair of Acme scissors when retail is about \$3 and the cost to the supplier would be closer to \$2?

"You can't even make them for that price and everyone in the office-supply business knows it," said Mark Leazer, board chairman for an office supply trade group, American Office Products Distributors.

Halfway through the contract, Office Depot officials came to the state and asked if the scissors and 39 other low-priced core items could be swapped out for a host of generic Office Depot brand items at the same price.

Contract manager Kurosawa agreed.

But the Mercury News analysis found instances when state employees continued to purchase the original items, rather than the cheaper substitutes. In some cases, state agencies bought Acme scissors even at \$3.79 a pair. Similarly, California workers bought the Rubbermaid chair mat for as much as \$40, far beyond the original price of \$1.84.

State contract officials declined to comment on price discrepancies found by the Mercury News until their own audit is complete.

Other price changes - which the state approved - came in fall 2007. More than 2,900 of 8,000 prices increased on a second shopping list, called the "Market Basket." On these items, Office Depot promised to apply a fixed discount rate, but raised the price on which the discount was applied.

Although the company claimed that this "pricing strategy will yield the lowest net prices to the state," the newspaper analysis identified more than 800 cases in which Office Depot increased the cost to the state even though the manufacturer's price remained steady.

In addition to the price spikes, the Mercury News found the prices were unreliable, leading to \$142,918 in overcharges and \$70,356 in undercharges. Marlette's analysis includes more items, and also does not consider undercharges, since the contract sets limits but permits prices to fall below the contract price.

In its own analysis, Office Depot said its findings found that undercharges exceeded overcharges by more than \$45,000.

Georgia officials said the price variances, and repeated overcharges, were a factor in the state's decision last month to cancel its contract with Office Depot. Office Depot said it was "surprised" by that action, and said the company is "committed to the highest level of ethics, pricing, service and integrity in the fulfillment of these contracts."

## Contracts elsewhere

Other states are examining their own contracts with Office Depot. North Carolina won reimbursements after identifying overcharges in an audit. Nebraska is expected to release its audit next week. And officials in New York and Wisconsin have called meetings with Office Depot, but it's unclear whether



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formal audits will be ordered.

Office Depot continues to believe it will be vindicated and says the state enjoys a great deal through bulk buying.

But last week, the Mercury News went onto the Office Depot retail Web site and found dozens of items, including data storage tapes, toner cartridges and batteries, that were either the same price or cheaper than the special rates stated in the California contract.

Industry experts who track government contracts say prices are rarely examined with big, established companies.

"I call it the trust factor. No one checks the prices because they're too big a name to do it," said Peter Frost, a London-based office-supply marketing expert who is fighting the hybrid contracts internationally. "They trust the big guys."

Mercury News director of research Leigh Poitinger conducted the data analysis for this report.