
Department of General Administration (GA)

Agency: 150

Report Number: 1004031

Investigation Overview: The State Auditor's Office received an assertion that the state's contracted office supply company was overcharging state agencies and local governments. According to their preliminary review, the Department of General Administration, which administers the contract, did not monitor the contract adequately. The auditors examined 12 consecutive weeks of purchases under the contract.

Recommendation: The auditors recommended that the Department:

- Work with the company to recover amounts charged in excess of the contract terms.
- Adequately monitor the contract to ensure it is followed, including checking approved price lists against the monthly use reports, reviewing all items removed from the deeply discounted essentials list and reviewing charges for shipping to ensure they are under the contract.
- Agree on a single crosswalk and monitor to ensure the company consistently applies it.
- Reassess the contract's discount structure or consider whether to rebid the office supply contract, which has been in place since 2006.

Agency Response: Contract monitoring is an important responsibility that the Department takes seriously. The Department appreciates the identification of possible overcharges in the special investigation report. The report relied on assumptions and interpretations that may not have been fully consistent with contract terms and conditions. The investigative process did not allow the contractor to participate. Such allegations are tentative until substantiated in accordance with contract terms and dispute resolution processes.

The Department's contract administration process is currently in progress with an estimated completion date of February 28, 2011. To the extent that any charges exceeding contract terms are substantiated, the Department will work with the contractor to resolve all root causes and ensure appropriate customer refunds. At the conclusion of this investigation, the Department's report will provide a full accounting of the investigative results, the contractor's written response, and all actions taken for an appropriate resolution. The Department will verify contractor refunds of confirmed net overcharges as the contract requires.

In addition, the Department will enhance training to help customers achieve maximum savings through this contract and use its auditing services contractor to help monitor contract compliance, including price validation. The Department re-evaluates the office supplies contract annually, and the rebid process will start in 2011 as originally scheduled.

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