



Summary of Third Party Pricing Review HD Supply Facilities & Maintenance

In an effort to proactively demonstrate public benefit, U.S. Communities has enacted an annual program to review contract pricing by engaging a third party to perform a pricing review. The firm of Macias, Gini & O'Connell (MG&O) was engaged to perform the pricing review of the Maricopa County/U.S. Communities service supply contract.

We have received the completed pricing review from MG&O for the supplier HD Supply for the timeframe of July 1st through December 31st 2009. Below is a summary of the key findings and results of the pricing review.

The following public agencies participated in the third party pricing review;

- Maricopa County, AZ
- Charlotte Housing Authority, NC
- Rockhurst University, MO

There was one exception uncovered that totaled \$1.56 which was due to a database entry error that has since been corrected. This exception was out of \$165,151.08 of sales audited. Therefore it is concluded that the pricing review demonstrated that HD Supply is materially complying with the pricing terms and conditions of the Maricopa County/U.S. Communities contract.



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

U.S. Communities,
HD Supply Facilities Maintenance and
Maricopa County

We have performed the procedures enumerated below, which were agreed to by U.S. Communities on behalf of itself, HD Supply Facilities Maintenance, and Maricopa County, solely to assist U.S. Communities, HD Supply Facilities Maintenance, and Maricopa County in determining that items purchased under Maricopa County's service supply contract with HD Supply Facilities Maintenance were invoiced in accordance with contractual terms for items invoiced during the period of July 1, 2009 to December 31, 2009. HD Supply Facilities Maintenance's management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities, to ensure compliance with Maricopa County's service supply contract with HD Supply Facilities Maintenance. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Agency Audit Participants:

- Maricopa County, AZ
- Charlotte Housing Authority, NC
- Rockhurst University, MO

Our procedures and findings are as follows:

1. For each agency randomly select 50 SKUs purchased in the July 1 to December 31, 2009 period.

Results: We were unable to select 50 SKUs for Charlotte Housing Authority due the size of its population. Therefore, we selected 100% of the Charlotte Housing Authority's population of 13 and selected 66 from both Maricopa County and Rockhurst University for a total of 145 SKUs.

2. For all of the 145 SKUs selected in procedure 1, request an electronic invoice.

Results: Procedure performed without exception.

3. For each of the items selected in procedure 1, identify the discount category by matching item to Resources Items: Maricopa County Master Agreement 05091, Maricopa County Agreement 05901-Exhibit A (Pricing Attachment) and Exhibit D (freight items) and HDSFM RFP (pricing response section only) (discount range between 0-25% off).
 - o For each item, compare invoice to HDSFM's contract price list as of July 1, 2009 and discount to verify pricing (note: HDSFM pricing is structured as a minimum discount off of purchased price, many items will be sold below the stated discount amount).
 - o For each item where freight was charged, compare invoice to HDSFM's published freight price as of July 1, 2009 (note: HDSFM published freight pricing is an estimated charge and can fluctuate dependant on freight type and class selected).

Results: Procedure performed with the following exception:

- Rockhurst University – One item that was invoiced for \$8.57 per unit was determined to have a catalog unit price of \$8.31. As six units were invoiced, the agency was over-billed \$1.56. Per inquiry of the Strategic Account Analyst for Government Solutions, this was due to an input error into the system, which has since been corrected.

NOTE: No freight was charged on any of the invoices requested in procedure 2.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on compliance with Maricopa County's service supply contract with HD Supply Facilities Maintenance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of U.S. Communities, HD Supply Facilities Maintenance, and Maricopa County, and may be shared in whole or in part by U.S. Communities with the agencies they selected for testing (Maricopa County, AZ, Charlotte Housing Authority, NC, and Rockhurst University, MO) and is not intended to be and should not be used by anyone other than those specified parties.

Macias Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California
June 2, 2010