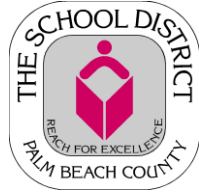


Audit of
NAPA Contract Compliance
May 15, 2020

Report #2020-02



MISSION STATEMENT

The School Board of Palm Beach County is committed to providing a world class education with excellence and equity to empower each student to reach his or her highest potential with the most effective staff to foster the knowledge, skills, and ethics required for responsible citizenship and productive careers.

Donald E. Fennoy II, Ed.D.
Superintendent of Schools

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**Audit of
NAPA Contract Compliance
Table of Contents**

	Page
EXECUTIVE SUMMARY	i
PURPOSE AND AUTHORITY	1
SCOPE AND METHODOLOGY	1
BACKGROUND	2
CONCLUSIONS	
1. Adequate Controls for Ordering Parts; NAPA Invoices for Parts In Compliance	5
2. Procedures for Returning Parts to NAPA Not Consistently Followed at All Locations	5
3. Some Operating Costs Invoiced by NAPA Not Adequately Supported	6
APPENDIX	
Appendix A - Management Response	8
Appendix B - Exhibit B of Prior Contract	9
Appendix C - Exhibit B of Current Contract	17

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Audit of NAPA Contract Compliance

EXECUTIVE SUMMARY

Pursuant to the *Office of Inspector General 2018-2019 Work Plan*, we have audited the District's contract with Genuine Parts Company (NAPA) used for the procurement of automotive parts and supplies. The primary objectives of this audit were to (1) determine the extent of compliance with the NAPA agreement and (2) assess the adequacy of the internal controls for ordering auto parts from, and returning parts to, NAPA.

1. Adequate Controls for Ordering Parts; NAPA Invoices for Parts In Compliance

The contract allows NAPA to invoice the District for parts at cost plus a 10% mark up for profit. Our review of sample NAPA invoices and support documentation revealed that NAPA was complying with the provisions of the agreement in billing the District for parts at cost plus a markup of 10%. Furthermore, the existing control procedures appear adequate, and are being followed for the part ordering process.

Management Response: Management Concur. (Please see page 8.)

2. Procedures for Returning Parts to NAPA Not Consistently Followed at All Locations

The Central and South service locations did not maintain Return Merchandise Receipt Books for parts returning to NAPA. We noted a credit memo dated January 9, 2018, issued to the Central location for 163 parts totaling \$8,634.05. The parts could not be traced to work orders in Asset Works, and there was no other documentation to link these parts to specific vehicles. Thus, we could not determine if the parts were legitimately ordered. Although the parts were eventually returned back to NAPA to receive credit, procedures should be followed at all locations to ensure all unused parts are safeguarded, can be traced to work orders, and that appropriate credits are received in a timely manner.

Management Response: Management concurs. The Director has implemented the existing return materials process at all locations. (Please see page 8.)

3. Some Operating Costs Invoiced by NAPA Not Adequately Supported

NAPA regularly invoiced the District for some indirect costs that totaled \$56,118 during the three-year audit period. Supporting documentation did not adequately demonstrate how the amounts were calculated or derived.

Additionally, some of the operating costs billed by NAPA were not based on actual cost as defined by contract language. More specifically, NAPA regularly invoiced the District to cover costs associated with some of their corporate off-site staff. These charges were based on a percentage of sales rather than actual operating costs. The charges totaled \$240,973.94 over the 3-year audit period.

The net financial impact cannot be determined since the actual costs of the salaries and fees involved were not available.

Lastly, we identified a single \$540.77 overbilling instance on the January 2017 invoice due to a manual calculation error made by NAPA.

Management Response: *Management concurs. The Transportation Department will work with General Counsel to clarify contract language, to ensure contract compliance regarding the invoiced costs referenced in the audit report. With regard to the overbilling and payment, the District has received a \$540.77 credit from NAPA. (Please see page 8.)*

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THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FLORIDA

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WEST PALM BEACH, FL 33406
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LUNG CHIU, CIG, CPA
INSPECTOR GENERAL

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DONALD E. FENNOY II, Ed.D., SUPERINTENDENT

MEMORANDUM

TO: Honorable Chair and Members of the School Board
Donald E. Fennoy II, Ed.D., Superintendent of Schools
Chair and Members of the Audit Committee

FROM: Lung Chiu, CPA, Inspector General

DATE: May 15, 2020

SUBJECT: Audit of NAPA Contract Compliance

PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General 2018-2019 Work Plan*, we have audited the District's contract with Genuine Parts Company (NAPA) used for the procurement of automotive parts and supplies. The primary objectives of this audit were to (1) determine the extent of compliance with the NAPA agreement and (2) assess the adequacy of the internal controls for ordering and returning auto parts to/from NAPA.

SCOPE AND METHODOLOGY

This audit was performed in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of the audit covered the period of July 1, 2016 through June 30, 2019. The audit included (1) interviewing appropriate department officials and staff, (2) reviewing control procedures, and (3) reviewing documents and relevant information including:

1. *School Board Policy 2.29 – Maintenance and Repair of Automotive Equipment*
2. PBCSD Organizational Charts
3. Integrated supply Agreement by and between Genuine Parts Company and The School Board of Palm Beach County, Florida (*Agreement*)
4. Repair Parts Ordering Manual
5. Returning Repair Parts Process Manual
6. Asset Works software - Work Orders
7. Monthly NAPA invoices and supporting documentation

Audit conclusions were presented to staff during the audit so that necessary corrective actions could be implemented immediately. Management responses are included in Appendix A. We appreciate the courtesy and cooperation extended to us by staff during the review. The final draft report was presented to the Audit Committee at its May 15, 2020, meeting.

BACKGROUND

The Transportation Services Department (Transportation) is responsible for maintaining over 1,800 District vehicles, including school buses.

Transportation provides two types of maintenance services for District vehicles:

- (1) Preventative Maintenance – mandatory safety inspections approximately every 30-working days (school buses only), and scheduled maintenance to keep vehicles operating efficiently and effectively.
- (2) Repair/Maintenance Services – to repair vehicles as needed.

NAPA Agreement

The initial *Integrated Supply Agreement (Agreement)* between Genuine Parts Company (dba NAPA Auto Parts) and The School Board of Palm Beach County was effective October 3, 2012. The *Agreement* piggy-backed on the competitive solicitation process (RFP) of the National Joint Powers Alliance Contract No. 010511-GPC. The original agreement had a three-year term with an option to renew for an additional two-year period. The District entered into a new agreement with NAPA effective February 7, 2018, and expiring on February 6, 2021 with an option to renew for an additional two-year period.

The *Agreement* was authorized under *Section 163.01, F.S.*, the *Florida Interlocal Cooperation Act of 1969*, which allows School Districts to purchase goods and services from a contract secured by a government related association.

The primary justification for the *Agreement* was to increase the quality of service, improve performance, handle the parts room management, and realize cost savings by reducing procurement and transaction management activities.

NAPA's primary on-site store is located at the District's Central Transportation facility and a secondary store is located at the South Transportation facility. NAPA also has off-site satellite locations at the North, East, Royal Palm and West facilities. These facilities hold pre-determined fast moving consigned inventories which are stored in secured areas.

The Agreement allows NAPA to invoice the School District for *product* and *operating* costs. The goal of the pricing plan is to achieve a ten percent (10%) net profit for NAPA.

- *Product Costs* – These costs are the price of the inventory supplied to the School District by NAPA.

- **Operating Costs** - These costs are any and all costs and expenses associated with operating the on-site stores including, but are not limited to, two vehicles and related expenses, salary and benefits for NAPA employees, and personal property insurance. The School District is to pay actual operational costs of the first on-site store, or \$28,068 per month, whichever is less; plus the actual operational costs of the second on-site store, or \$5,000 per month, whichever is less. Operational costs are to be included at the end of each month on an “in arrears basis.”

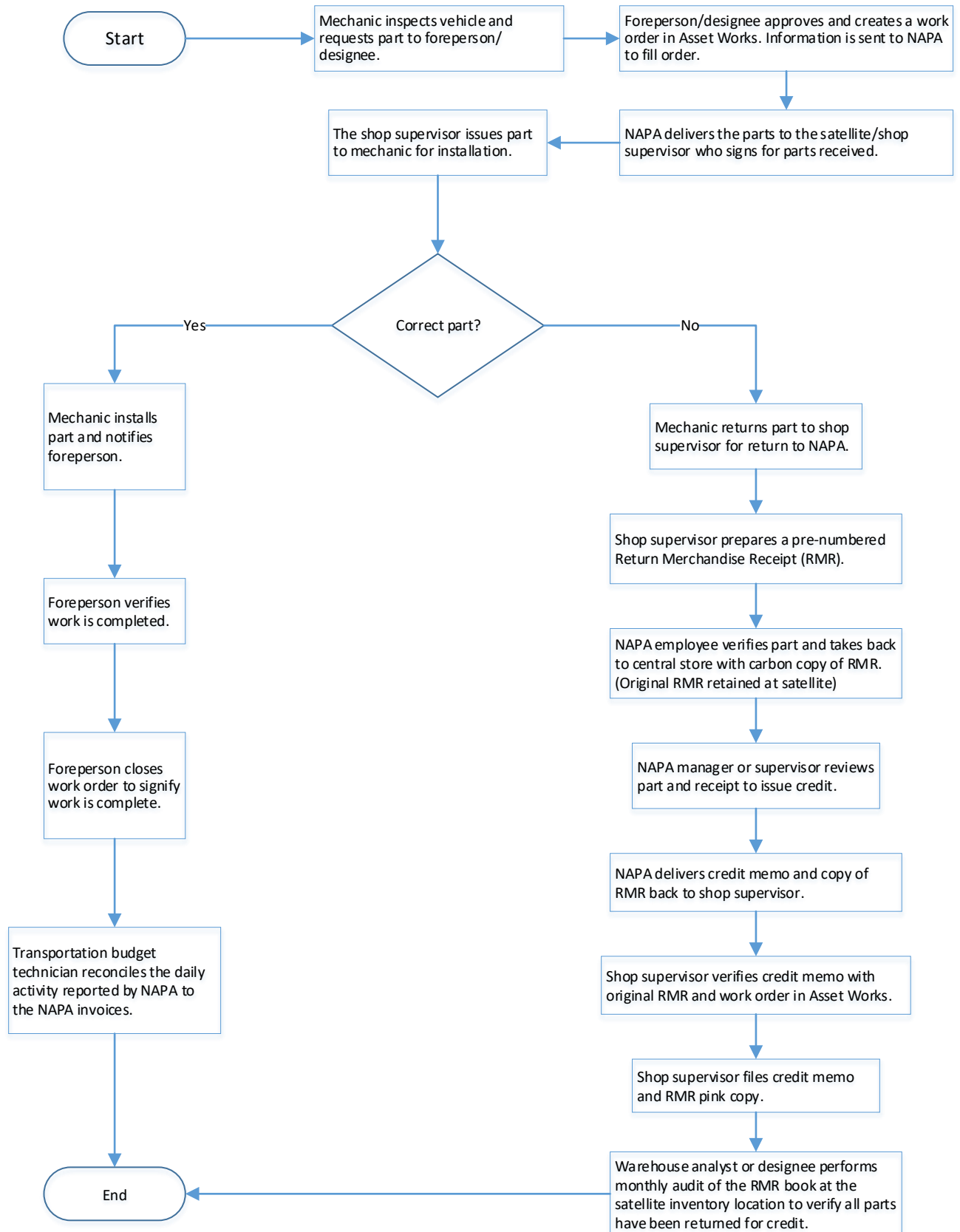
**NAPA Expenditures
Fiscal Year 2015 to 2019**

Fiscal Year	Total Expenditures
2015	\$4,447,457.23
2016	\$4,570,455.22
2017	\$4,349,165.59
2018	\$3,501,596.41
2019	\$3,125,414.51
Total	\$19,994,088.96

*Source: NAPA billing statements

The District paid a total of \$10,976,177 to NAPA during the 36-month audit period of July 1, 2016 through June 30, 2019. Of that amount, \$9,835,113 was for parts, and \$1,141,064 was for operating costs. The operating costs charged for first and second on-site stores were \$961,064 and \$180,000 respectively. The charges for the first on-site store were billed at the maximum allowable amount of \$28,068 for 19 of the 36-month audit period. The charges for the second on-site store were billed at the maximum allowable amount of \$5,000 per month for each of the 36 months reviewed.

Part Ordering and Return Process



CONCLUSIONS

1. Adequate Controls for Ordering Parts; NAPA Invoices for Parts In Compliance

We reviewed 68 sample invoices, totaling \$104,705.45, from a total of \$9,835,113 in parts and supplies billed to the District during the audit period. In selecting our sample, we focused on invoices that contained high dollar resalable items. For each invoice reviewed, we determined if:

1. The repairs on the invoice could be traced to valid work orders (WOs);
2. Mechanics were receiving proper approval for parts from the foreperson/designee;
3. The repair forms were properly approved;
4. The ordered parts were received;
5. The quantities of parts ordered agreed with the quantities noted on the NAPA invoice;
6. The amounts billed for individual parts were supported by receipts; and included no more than the 10% profit allowed by the *Agreement*.

The review of records and support documentation for the sample invoices revealed that NAPA was complying with the provisions of the agreement in billing the District for parts at cost plus a markup of 10%. Furthermore, existing control procedures appear adequate, and are being followed for the part ordering process.

Management Response: Management concurs. (Please see page 8.)

2. Procedures for Returning Parts to NAPA Not Consistently Followed at All Locations

When unused parts are returned to NAPA from satellite locations, the *Returning Repair Parts Process Manual* requires certain information to be entered in the Return Merchandise Receipt Book including the date, work order number, NAPA's invoice number, description of the part and part number. This process helps ensure the District receives the appropriate credits. However, the Central and South service locations were not required to maintain a Return Merchandise Receipt Book when returning parts because the NAPA stores are on-site.

During our review of the monthly invoices, we noted an \$8,634.05 credit memo dated January 9, 2018, issued to the Central location for 163 parts. According to the Warranty Coordinator, who serves as the lead supervisor, the credit memo was for parts found around the shop and that were ordered but not used. However, the parts could not be traced to the related work orders in Asset Works, and there was no other documentation to link these parts to specific vehicles. Thus, we could not determine if the parts were legitimately ordered. Although the parts were eventually returned back to NAPA to receive credit, existing procedures should be extended to include the Central and South service locations to ensure all unused parts are safeguarded, can be traced to work orders, and that appropriate credits are received in a timely manner.

Recommendations

The Director of Transportation Services should ensure return procedures outlined in the *Returning Repair Parts Process Manual* are implemented at the Central and South service locations.

Management Response: Management concurs. The Director has implemented the existing return materials process at all locations.

3. Some Operating Costs Invoiced by NAPA Not Adequately Supported

From a total of \$1,141,064 in operating costs billed to the District during the audit period, we reviewed all 36 (100%) of the monthly invoices. We examined each line item on the invoices to determine if the charges were in compliance with the *Agreement*, and had appropriate supporting documentation for amounts charged. We found that line items on monthly invoices had adequate documentation to support the amounts charged with the following exceptions.

We noted three line items on monthly invoices for which there was insufficient documentation to demonstrate how the amounts were calculated or derived. As a result, we could not verify if the amounts were accurately billed. NAPA regularly invoiced the District for the three line items, totaling \$56,118 during the three-year audit period, as follows (See Table 1):

Table 1

Line Item	Total Amount Charged (over a 3 year period)
Catalog Support fees	\$ 14,400.00
TAMS Support fees	\$ 23,070.00
VPN/WAN	\$ 18,648.00
Total	\$ 56,118.00

Additionally, we noted that some invoiced line items associated with the salaries and benefits of NAPA’s corporate off-site staff were not based on actual cost. These charges ranged from \$3,059.33 to \$11,247.46 per month, and totaled \$240,973.94 over the 3-year audit period (See Table 2). The following four invoiced line items were consistently charged as a percentage of sales rather than cost:

Table 2

Line Item	Percent of Sales	Total Amount Charged (over a 3 year period)
Executive Salaries (ES)	1.00%	\$ 98,356.76
Accounting & Data Processing Salaries (A&D)	0.50%	\$ 49,178.34
General Office Salaries	0.50%	\$ 49,178.34
Employee Benefit Pension fees (EBP)	0.45%	\$ 44,260.50
Total	2.45%	\$ 240,973.94

The “Payment Terms/Pricing” section of the contract defines operating costs as “any and all costs and expenses associated with the operation of the On Site Store(s), including, but not limited to, ...salary and benefits payable to NAPA employees who work at the on-site stores....”. The language in this section of the contract also states that operational costs are to be “billed to CUSTOMER at cost”. The salaries and benefits charged for the above four line

items were not for “employees who work at the on-site stores”, and were not “billed at cost”, as prescribed by the “Payment Terms/Pricing” section of the contract.

Although the “Payment Terms/Pricing” section of the contract does not allow operating costs to be billed as a percentage of sales, an example profit and loss statement attached to the prior contract as “Exhibit B” (See Appendix 2), notes that the above line items are based on a percentage of sales. Nonetheless, Exhibit B of the current contract (See Appendix 3) does not note that any charges are based on a percentage of sales. Contrarily, the current contract states that operational costs are to be “billed to Customer at cost”.

The net financial impact of our findings cannot be determined without knowing the actual costs of the above noted salaries and fees involved.

Lastly, we identified a single \$540.77 overbilling instance on the January 2017 invoice due to a manual calculation error made by NAPA.

Recommendations

Transportation Services should obtain input from the Legal Department to:

- Clarify contract language, including attached exhibits, to ensure the payment terms of any costs associated with NAPA’s corporate off-site staff are clearly defined.
- Ensure that each NAPA invoice (1) complies with the payment terms of the **Agreement**, (2) is accurate, and (3) only includes amounts that can be supported by adequate back-up documentation, prior to approving the invoice for payment.
- Seek reimbursement for the \$540.77 overbilling on the January 2017 invoice.

***Management Response:** Management concurs. The Transportation Department will work with General Counsel to clarify contract language, to ensure contract compliance regarding the invoiced costs referenced in the audit report. With regard to the overbilling and payment, the District has received a \$540.77 credit from NAPA. (Please see page 8.)*

End of Report

Management's Response



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

CHIEF OPERATING OFFICE
3300 FOREST HILL BOULEVARD, B-302
WEST PALM BEACH, FL 33406


PHONE: 561-357-7573 / FAX: 561-357-7569
WWW.PALMBEACHSCHOOLS.ORG/COO

WANDA F. PAUL, M.Ed., MBA
CHIEF OPERATING OFFICER

DONALD E. FENNOY II, Ed.D.
SUPERINTENDENT

MEMORANDUM

To: Lung Chiu
Inspector General

From: Wanda Paul
Chief Operating Officer 

Date: April 15, 2020

Subject: Management Response – Audit of NAPA Contract Compliance

Following is Management's response to the Audit of NAPA Contract Compliance, for the period July 1, 2016 through June 30, 2019.

Finding #1: Adequate Controls for Ordering Parts; NAPA Invoices for Parts in Compliance

Management concurs.

Finding #2: Procedures for Returning Parts to NAPA Not Consistently Followed at All Locations

Management concurs. The Director has implemented the existing return materials process at all locations.

Finding #3: Some Operating Costs Invoiced by NAPA Not Adequately Supported

Management concurs. The Transportation Department will work with General Counsel to clarify contract language, to ensure contract compliance regarding the invoiced costs referenced in the audit report. With regard to the overbilling and payment, the District has received a \$540.77 credit from NAPA.

Cc: Shane Searchwell
Transportation Director

The School District of Palm Beach County, Florida
A Top High-Performing A-Rated School District
An Equal Opportunity Education Provider and Employer

Exhibit B of Prior Contract

EXHIBIT B
SAMPLE PROFIT AND LOSS STATEMENT

See attached.

(COST PLUS) 6.27.11

THE SCHOOL DISTRICT
PALM BEACH COUNTY
READY FOR EXCELLENCE

The School
District of Palm
Beach County

**FINANCIAL
ANALYSIS**

NAPA

John Crane
IBS Division Manager
11716 N Florida Ave
Tampa, FL 33612
813-478-1125
john_crane@genpt.com

INTEGRATED BUSINESS SOLUTIONS

PEOPLE.PRODUCTIVITY.

Exhibit B of Prior Contract

Palm Beach School District

Financial Summary

Possible One-time Inventory Buy-off - \$520,800

- NAPA will review and determine with Palm Beach School District what inventory will be purchased.

Anticipated Yearly Savings Total - \$ 503,000

- Operational Savings – \$363,610
 - These savings are from possible reduced downtime and less time spent processing part invoices
- Inventory Savings – \$137,048
 - These savings represent the possible savings from not owning an inventory or risk involved with obsolesce, lost cores, and shrinkage.
- Part Saving – \$2,465
 - These savings show the possible savings from a reduction in cost of parts.

Anticipated Monthly Expenses - \$28,168 – Yearly - \$338,016

- Payroll - \$19,226
 - For six NAPA employees including benefits and taxes.
- Delivery Vehicles - \$1,977
 - For two vehicles, one half ton pickup with lift gate and one transit van.
- TAMS Computer System - \$1,235
 - For one server and 5 terminals to maintain inventory and process orders. Also includes a mobile computer for inventory maintenance.
- Store Expenses - \$5730
 - For Asset and Liability Insurance, Phones, Office supplies, and other expenses occurred in operating a parts room. Will fluctuate monthly depending on supplies demand.

Palm Beach School District could expect to see an overall yearly savings of \$393,571 with the NAPA IBS program.

In addition many Palm Beach School District staff members will have more time to focus on other areas of their jobs due to NAPA managing the parts procurement and inventory.

- Supervisors currently cover the main parts room this will be maintained by NAPA personnel for all hours of PBCSD.
- Clerical invoice support will be reduced by NAPA handling all of the procurement and the School District will be able to reallocate current staff.

Exhibit B of Prior Contract



INTERGRATED BUSINESS SOLUTIONS

Company Information Sheet



Palm Beach School District

Company Name

Please answer the questions below as accurately as possible for us to better gauge the savings and expense of the NAPA IBS program

Sales

- Dollars Disbursed Yearly for All Parts (Tires, OE, Everything expect fuel) \$2,000,000.00
- Percentage of those dollars that could come from a supplier LIKE a NAPA store versus a Dealer-OEM type item? (NAPA, Carquest, HD aftermarket, Autozone, etc) 45.00%

Inventory

- Total Dollars in Inventory \$620,000.00
- Yearly Percentage Of Obsolete Inventory 8.00%
- Yearly Percentage of Shrinkage/Lost Inventory Dollars 8.00%
- How is Freight Paid? Included in Part Price, on Work Orders, or Expensed Monthly. Part Price
- Average Freight Paid Per Month \$150.00

Operations

- Daily Hours of Operation 5:00a.m. - 6:00p.m.
- Day's per week 5
- Number of Staffed Part Stocking Locations 6
- Number of Vehicles & Equipment serviced 1650
- Current On-Hand Rate When a Tech Asks for a Part 85.00%
- Number of Employees in Parts Department 6
- Avg. Salary (w/benefits) \$37,878.00
- Number of Technicians/Mechanics 71
- Avg. Salary (w/benefits) \$45,760.00
- Number of Employees in Clerical 0
- Avg. Salary (w/benefits) \$0.00
- Percentage of Time spent on Parts related Paperwork 0.00%
- Vehicle Costs of Picking up Parts. (Gas, Maintenance, etc) \$ -

Part Purchasing

- Number of Part Invoices Handled Monthly 80
- Cost of Processing each Invoice \$115.00
- Number of Venders 36

Please Return this Form To: John Crane, john_crane@genpt.com, 813-478-1125
11716 N. Florida Ave. Tampa, FL 33612

Appendix B

Exhibit B of Prior Contract

INAPA		FINANCIAL ANALYSIS Cost Savings Analysis				Integrated Business Solutions. PEOPLE. PROGRESS. PROFITABILITY.	
PROJECTED COST OF PARTS							
		YTD Spend	% of Sales	% Inc/Dec	Projected % of Sales	Projected Yearly Spend	
NAPA	\$	900,000	45.00%	0%	45.00%	\$	900,000
NON-NAPA	\$	1,100,000	55.00%	0%	55.00%	\$	1,100,000
Total	\$	2,000,000	100.00%	0%	100.00%	\$	2,000,000
Average NAPA Cost of Parts Reduction						25.00%	\$ 225,000
Average Non-NAPA Cost of Parts Reduction						0.00%	\$ -
Projected Yearly Cost of Parts							\$ 1,775,000
PROJECTED MONTHLY COST OF PARTS							\$ 147,917
PART PRICE SAVINGS							
PROJECTED MONTHLY PARTS SPEND	\$	164,362					
PROJECTED YEARLY PARTS SPEND	\$	1,972,222					
NAPA Parts Purchases % of Total		45%	\$887,500				
Non-NAPA Parts Purchases % of Total		55%	\$1,084,722				
Average Savings on NAPA/Aftermarket Parts from Cost		14%	\$110,939				
Average Savings on NON-NAPA Parts from Cost		-11%	(\$109,472)				
ANNUAL ESTIMATE OF SAVINGS ON PRICE OF PARTS		0%					\$ 2,465.28
INVENTORY REDUCTION							
Estimated Inventory on hand			\$620,000				
Total Obsolete inventory amount		16%	\$99,200				
Year one reduction percentage of total (assuming non-obsolete):		84%	(\$520,800)				
ANNUAL ESTIMATE OF SAVINGS/INVENTORY CARRYING COST (@ 6%)							\$ 31,248.00
TRANSACTION EXPENSES: (Annual savings based on 230 work days)							
PO'S-CHECKS-INVOICES			80				
Number of Part Invoices Processed Monthly			10				
Estimated Cost Per Invoice			\$184,000.00				
Current Annual Transaction Expense			2				
Total Monthly NAPA Invoices			\$ 20		0.0%		
NAPA IBS Annual Transaction Expense (1 vendor vs. 100's)							
ANNUAL ESTIMATE OF TRANSACTION SAVINGS							\$ 183,980
OBSOLESCENCE (National Average: 10%)							
OBSOLETE - Percentage of obsolete inventory exposure annually.		8%	(\$49,600)		National Average: 10%		
SHRINKAGE - Percentage of total inventory dollars lost annually.		8%	(\$49,600)		National Average: 5%		
			(\$89,200)				
Inventory Management							
Represents the expense associated with Cores (bundling, broken)		Monthly	Price each		Annual		
Represents the exposure associated with Defective Credits		1	\$ 75.00		(\$900.00)		
Represents Inventory Items not posted to work order		3	\$ 100.00		(\$3,600.00)		
Represents Priority Freight Expenses		2	\$ 25.00		(\$500.00)		
		5	\$ 50.00		(\$1,500.00)		
Represents Possible Priority Freight Reductions		50%	Total		(\$5,000.00)		
ANNUAL ESTIMATE OF ELIMINATED INVENTORY EXPENSES							\$ 105,800.00
PRODUCTIVITY IMPROVEMENT							
These are productivity improvement values we can provide because of the increased inventory on hand and less down time							
* Techs not chasing parts, ordering parts, or looking up parts.							
Number of techs		71					
Hourly pay incl benefits		\$22					
Number of working days		230					
Total possible increase productivity - 2 Hours: # Techs x Pay x hrs x # days =			0.5				
Note: Increase in Technician productivity relates to more billable hours, consequently, increase in revenue \$\$\$							\$ 179,630.00
PROJECTED SAVINGS							
Price on parts	\$	2,465.28					
Inventory reduction	\$	31,248.00					
Transactions	\$	183,980.00					
Obsolescence / Shrinkage	\$	105,800.00					
Productivity Improvement	\$	179,630.00					
1st Year Inventory reduction	\$	520,800.00	Year 1 Savings				\$ 1,023,923.28
Annual Savings after 1st Year	\$	503,123.28					\$ 503,123.28

Appendix B

Exhibit B of Prior Contract

NAPA		Palm Beach School District		EXISTING OPERATIONAL EXPENSES
	SALES	% TO SALES	DESCRIPTION OF EXPENSE	
SALES	184,352	100.00%	Total Purchased for the Month	
Less Cost of Sales	147,917		Cost of Parts Sold	
Sales Less Cost	16,435	10.00%	The Gross Profit, or Sales Minus Cost	
Less Handling Charge	0	0.00%		
GROSS PROFIT	16,435	10.00%		
EXPENSES:				
Advertising	0	0.00%		
Sales Salaries	0	0.00%		
Handling Credit	0	0.00%		
Net Salaries	0	0.00%		
Travel	0	0.00%		
Sales - Miscellaneous	0	0.00%		
G. M. Travel	0	0.00%		
TOTAL SALES EXPENSE	0	0.00%		
SALARIES - EXEC.	1,844	1.00%	Set Fees based on 1.0% of Sales for Management Personnel	
PAYROLL:				
Accto & Data Proc.	822	0.50%	Set Fee based on 0.50% of Sales for Accounting Office	\$ -
General Office	822	0.50%	Set Fee based on 0.50% of Sales for HR, LP, Inventory Control Office	
Counter - J.S.	12,175	7.41%	Payroll for all Counter Persons Combined	\$ 18,939
Stockroom Salaries	0	0.00%		
Handling Credit	0	0.00%		
Net Stockroom	0	0.00%		
Delivery	3,805	2.31%	Payroll for all Drivers Combined	
TOTAL PAYROLL	19,286	11.72%		
Bad Debts	0	0.00%		
Data Proc. Eqpt. & Suppl.	0	0.00%	Monthly Depreciation of Software/Integration Costs	
Delivery - Insurance	430	0.26%	Insurance for Delivery Vehicle	\$ -
Maintenance & Fuel	800	0.48%	Vehicles Expenses- Fuel, Repairs, Toll	
Truck Depr.	747	0.46%	Monthly Truck Depreciation (incl. Tag, Tax Title)	
Depreciation - F. & F.	717	0.25%	Monthly Depreciation of Stockroom Refurbishment Costs	
Empl. Benefits - Pension	740	0.45%	Set Fee based on 0.45% of Sales for Pension	
Other	2,255	1.37%	Benefits for all Employees Combined	
Freight & Postage	0	0.00%	Freight & Postage	
Frt. Allowance	0	0.00%		
Insurance	70	0.04%	General Liability Insurance, Workmans Comp	
Interest	0	0.00%		
Legal & Professional	0	0.00%		
Light, Heat, Water	0	0.00%		
Moving	0	0.00%		
Rent	130	0.08%	Rental & Leasehold Charges, Insurance for Assets	
Stationery, Shlp, Supply	25	0.02%	Office Supplies	
Stock Loss	15	0.01%		
Store	150	0.09%	Miscellaneous Store Expenses	
Taxes (Not Income)	1,290	0.78%	Taxes: Payroll, Sales and use, Personal Property (Int)	
Telephone	600	0.37%	Phone/Modem fees, DSL Support, JOE-I access fees	
Travel (Not Sales)	0	0.00%		
TOOLS	1,235	0.75%	Computers (Lease or Depreciation) and Support fees	
Training	0	0.00%	Fee for training material, uniforms, etc.	
TOTAL MISC. EXPENSES	8,902	5.42%		
TOTAL EXPENSES	28,188	17.14%		
Operating Income	-11,733	-7.14%	Sum of gross profit minus total expenses	
Misc. Inc; Cash Disc. (Net)	100	0.00%		
PROFIT BEFORE TAXES	16,435	10.00%		
IBS MGMT FEE	28,068	17.08%	Net Expense Invoice	\$ 18,939

	Monthly	Annually
IBS Management Cost	28,068	336,820
Less existing expenses	18,939	227,268
Net IBS Cost	9,129	109,552
Monthly IBS Savings	41,927	503,123
Net Savings First Year	76,198	914,371
Each Additional Year	32,798	393,571

* Note that existing expenses only include parts personnel labor.



Appendix B

Exhibit B of Prior Contract

NAPA		Proposed Staffing				Integrated Business Solutions.		EQUIPMENT		
Position	MGR	Asst MGR	CTR	CTR	Total Counter	DRV	DRV	Total Driver	TOTAL	MONTHLY
Salary or Hourly Rate	Salary	\$14.60	\$12.65	\$12.65		\$11.55	\$10.40			
Yearly Base Salary	\$52,000.00	\$41,470.00	\$26,312.00	\$28,312.00	\$146,094.00	\$24,024.00	\$21,632.00	\$45,656.00	\$191,760.00	\$16,979.17
Taxes	\$4,160.00	\$3,317.60	\$2,104.96	\$2,104.96	\$11,687.52	\$1,921.92	\$1,730.56	\$3,652.48	\$16,340.00	\$1,278.33
Benefits	\$10,400.00	\$3,317.60	\$2,104.96	\$2,104.96	\$17,927.52	\$4,604.60	\$4,326.40	\$8,931.20	\$27,058.72	\$2,254.89
Total Compensation	\$66,660.00	\$48,105.20	\$30,621.92	\$30,621.92	\$175,709.04	\$30,760.72	\$27,688.96	\$58,449.68	\$234,148.72	\$19,512.39
Total Weekly Hours	50	50	40	40	180	40	40	40	220	
Days a Week	5	5	5	5		5	5			
Hours a Day	10	10	8	8	36	8	8	8	44	
12:00 - 12:30					0			0	0	
12:30 - 1:00					0			0	0	
1:00 - 1:30					0			0	0	
1:30 - 2:00					0			0	0	
2:00 - 2:30					0			0	0	
2:30 - 3:00					0			0	0	
3:00 - 3:30					0			0	0	
3:30 - 4:00					0			0	0	
4:00 - 4:30					0			0	0	
4:30 - 5:00					0			0	0	
5:00 - 6:30	x				1		x	1	2	
5:30 - 6:00	x				1		x	1	2	
6:00 - 6:30	x		x		2		x	1	3	
6:30 - 7:00	x		x		2		x	1	3	
7:00 - 7:30	x		x		2		x	1	3	
7:30 - 8:00	x	x	x		3		x	1	4	
8:00 - 8:30	x	x	x		3		x	1	4	
8:30 - 9:00	x	x	x		3		x	1	4	
9:00 - 9:30	x	x	x		3		x	1	4	
9:30 - 10:00	x	x	x	x	4	x	x	1	5	
10:00 - 10:30	x	x	x	x	4	x	x	1	5	
10:30 - 11:00	x	x	x	x	4	x	x	1	5	
11:00 - 11:30	x	x	x	x	4	x	x	0	4	
11:30 - Noon	x	x	x	x	4	x	x	0	4	
Noon - 12:30		x		x	2	x	x	1	3	
12:30 - 1:00	x	x	x		3		x	1	4	
1:00 - 1:30	x		x	x	3	x	x	1	4	
1:30 - 2:00	x	x	x	x	4	x		0	4	
2:00 - 2:30	x	x	x	x	4	x		0	4	
2:30 - 3:00	x	x		x	3	x		0	3	
3:00 - 3:30	x	x		x	3	x		0	3	
3:30 - 4:00		x		x	2	x		0	2	
4:00 - 4:30		x		x	2	x		0	2	
4:30 - 5:00		x		x	2	x		0	2	
5:00 - 6:30		x		x	2	x		0	2	
6:30 - 6:00		x		x	2	x		0	2	
6:00 - 6:30					0			0	0	
6:30 - 7:00					0			0	0	
7:00 - 7:30					0			0	0	
7:30 - 8:00					0			0	0	
8:00 - 8:30					0			0	0	
8:30 - 9:00					0			0	0	
9:00 - 9:30					0			0	0	
9:30 - 10:00					0			0	0	
10:00 - 10:30					0			0	0	
10:30 - 11:00					0			0	0	
11:00 - 11:30					0			0	0	
11:30 - 12:00					0			0	0	

Avg Tax Rate	8.00%
Avg Benft Rt	20.00%

Position	Lowest	Highest
Driver	\$9.10	\$10.40
Counter Trainee	\$10.50	\$11.55
Counter Sales	\$11.65	\$12.65
Parts Professional	\$12.75	\$16.05

Exhibit B of Prior Contract

	Monthly Expense Detail		Integrated Business Solutions. <small>1979 PEOPLE PRODUCTIVITY</small>
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<u>Fixed Assets Required</u>				
Quantity	Item	Cost	Depr Life	Cost/mo
1	Parts Room Refurbishment	\$ 15,000.00	36	\$ 416.67
		\$ -	0	\$ -
		\$ -	0	\$ -
		\$ -	0	\$ -
				<u>\$ 416.67</u>

<u>Delivery Truck</u>				
Quantity	Item	Cost	Depr Life	Cost/mo
1	Silverado	\$ 23,200.00	60	\$ 386.67
	Colorado	\$ 18,000.00	60	\$ -
	Express Van	\$ 22,500.00	60	\$ -
1	Transt Connect	\$ 21,600.00	60	\$ 360.00
	Sonic	\$ 15,800.00	48	\$ -
	Yaris	\$ 16,000.00	48	\$ -
				<u>\$ 746.67</u>

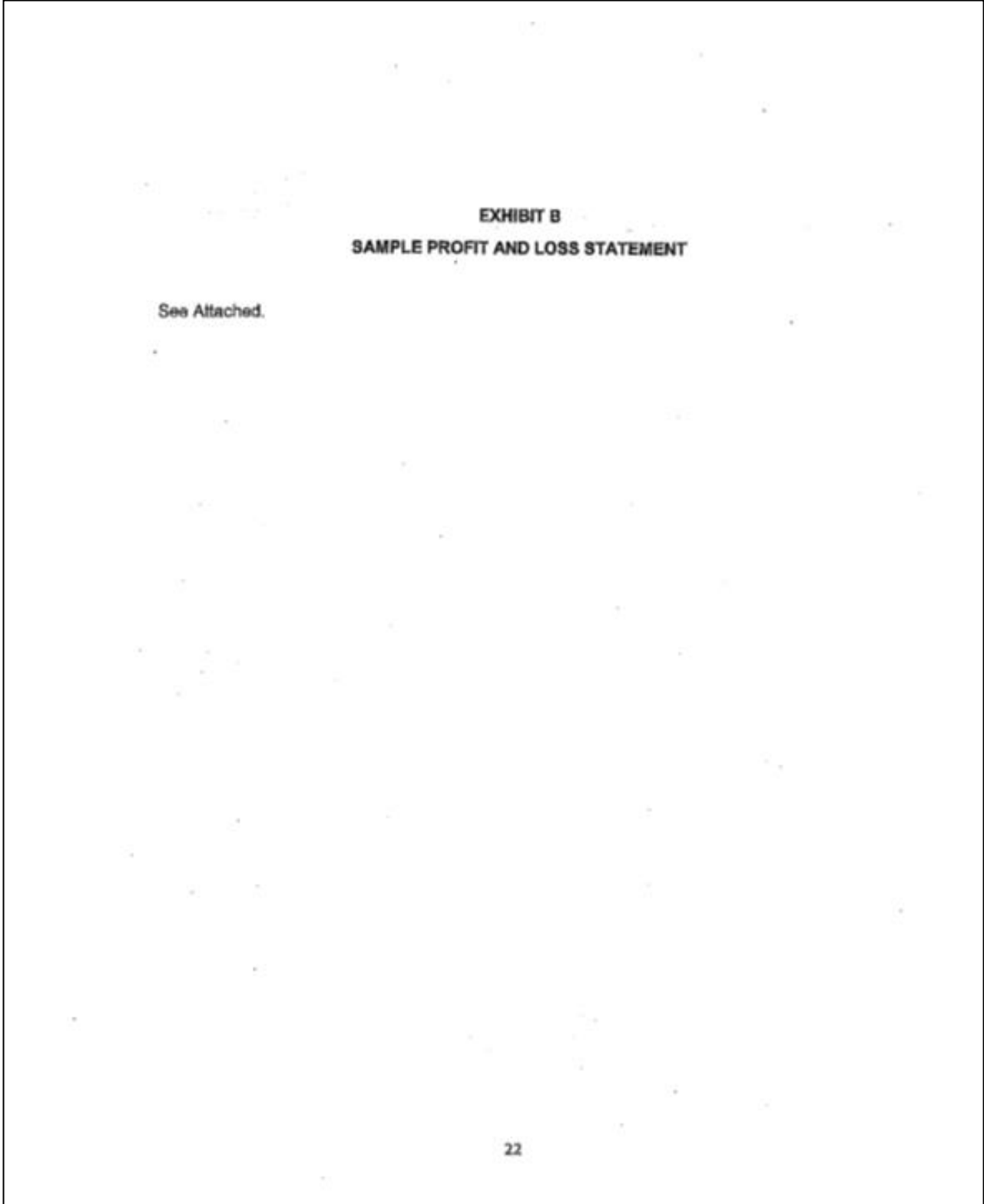
		Monthly Fee
	Insurance Per Vehicle	\$ 215.00
	Average Monthly Maintanace	\$ 400.00

<u>TAMS Computers</u>				
Quantity	Item	Cost	Depr Life	Cost/mo
1	TAMS II Server	\$ 13,510.00	36	\$ 375.28
	TAMS II WorkStation v1	\$ 1,407.93	36	\$ -
5	TAMS II WorkStation v2 (MS Office)	\$ 1,728.67	36	\$ 240.09
	MultiStore Server	\$ 5,450.00	36	\$ -
	Dell 5230DN Printer	\$ 1,250.00	36	\$ -
1	Xerox 3536MPFX	\$ 1,350.00	36	\$ 37.50
1	Mobile Computer (Scan Gun)	\$ 3,381.38	36	\$ 93.93
1	Access Point (Scan Gun)	\$ 822.18	36	\$ 22.84
				<u>\$ 769.64</u>

<u>TAMS Support Fees</u>			
Quantity	Item	Monthly Fee	Cost/mo
1	Catalog Support	\$ 150.00	\$ 150.00
1	TAMS Support	\$ 255.00	\$ 255.00
	MultiStore Support	\$ 377.00	\$ -
1	Warranty	\$ 60.00	\$ 60.00
			<u>\$ 465.00</u>

<u>Intergration Software</u>				
Quantity	Item	Cost	Depr Life	Cost/mo
		\$ -	0	\$ -
		\$ -	0	\$ -
				<u>\$ -</u>

Exhibit B of Current Contract (Effective February 7, 2018)



Appendix C

Exhibit B of Current Contract (Effective February 7, 2018)

School District of Palm Beach County	FY18 MONTHLY EXPENSES	FY17 Actual	Combined Budget	Central Budget	South Budget	FY 2018 Budget Combined Budget	Central Budget	South Budget
		Month Percentage to Sales						
		Central Monthly Budget	South Monthly Budget					
FY 2018 BUDGET	FY18 MONTHLY EXPENSES	FY17 Actual	Combined Budget	Central Budget	South Budget	FY 2018 Budget Combined Budget	Central Budget	South Budget
Cost of Parts Purchases	\$ 302,228.16 \$ 340,071.67 \$ 257,500.00 \$ 82,571.67	\$ 3,626,746.92 \$ 3,952,000.00 \$ 3,000,000.00 \$ 952,000.00	\$ 4,080,860.00 \$ 3,080,000.00	\$ 3,080,000.00	\$ 999,860.00	\$ 4,080,860.00 \$ 3,080,000.00	\$ 3,080,000.00	\$ 999,860.00
Cost of Freight Billings	\$ 398.22 \$ 3,261.67 \$ 2,515.00 \$ 746.67	\$ 4,754.66 \$ 38,000.00 \$ 30,000.00 \$ 8,000.00	\$ 39,440.00 \$ 30,000.00	\$ 30,000.00	\$ 9,440.00	\$ 39,440.00 \$ 30,000.00	\$ 30,000.00	\$ 9,440.00
MAPA Mgmt Fee - 10%	\$ 26,988.64 \$ 34,333.33 \$ 25,750.00 \$ 8,583.33	\$ 323,863.66 \$ 400,000.00 \$ 300,000.00 \$ 100,000.00	\$ 412,000.00 \$ 300,000.00	\$ 300,000.00	\$ 112,000.00	\$ 412,000.00 \$ 300,000.00	\$ 300,000.00	\$ 112,000.00
TOTAL SALES	\$ 326,614.02 \$ 377,668.67 \$ 285,025.00 \$ 92,643.67	\$ 3,954,365.24 \$ 4,400,000.00 \$ 3,330,000.00 \$ 1,070,000.00	\$ 4,512,000.00 \$ 3,420,000.00	\$ 3,420,000.00	\$ 1,092,000.00	\$ 4,512,000.00 \$ 3,420,000.00	\$ 3,420,000.00	\$ 1,092,000.00
Executive Salaries	\$ 3,292.18 \$ 3,776.67 \$ 2,859.29 \$ 917.38	\$ 39,506.14 \$ 44,000.00 \$ 33,000.00 \$ 11,000.00	\$ 45,320.00 \$ 34,269.00	\$ 34,269.00	\$ 11,051.00	\$ 45,320.00 \$ 34,269.00	\$ 34,269.00	\$ 11,051.00
Accts & Data Proc.	\$ 1,646.09 \$ 1,888.33 \$ 1,429.13 \$ 459.20	\$ 19,753.07 \$ 22,000.00 \$ 17,000.00 \$ 5,000.00	\$ 22,860.00 \$ 17,149.50	\$ 17,149.50	\$ 5,710.50	\$ 22,860.00 \$ 17,149.50	\$ 17,149.50	\$ 5,710.50
General Office	\$ 1,646.09 \$ 1,888.33 \$ 1,429.13 \$ 459.20	\$ 19,753.07 \$ 22,000.00 \$ 17,000.00 \$ 5,000.00	\$ 22,860.00 \$ 17,149.50	\$ 17,149.50	\$ 5,710.50	\$ 22,860.00 \$ 17,149.50	\$ 17,149.50	\$ 5,710.50
Manager Payroll	\$ 7,429.28 \$ 8,926.67 \$ 4,463.33 \$ 4,463.33	\$ 89,043.36 \$ 95,000.00 \$ 52,000.00 \$ 43,000.00	\$ 107,120.00 \$ 53,560.00	\$ 53,560.00	\$ 53,560.00	\$ 107,120.00 \$ 53,560.00	\$ 53,560.00	\$ 53,560.00
Asst. Manager Payroll	\$ 930.71 \$ - \$ - \$ -	\$ 11,168.52 \$ - \$ - \$ -	\$ - \$ -	\$ -	\$ -	\$ - \$ -	\$ -	\$ -
Counterstaff Payroll	\$ 5,669.75 \$ 6,941.17 \$ 6,094.17 \$ 1,846.99	\$ 68,037.04 \$ 65,000.00 \$ 73,100.00 \$ 73,100.00	\$ 73,100.00 \$ 73,100.00	\$ 73,100.00	\$ -	\$ 73,100.00 \$ 73,100.00	\$ 73,100.00	\$ -
Driver Payroll	\$ 6,175.39 \$ 6,956.00 \$ 6,956.00 \$ -	\$ 74,104.66 \$ 99,700.00 \$ 99,700.00 \$ -	\$ 80,340.00 \$ 80,340.00	\$ 80,340.00	\$ -	\$ 80,340.00 \$ 80,340.00	\$ 80,340.00	\$ -
Pensions - 4%	\$ 1,481.49 \$ 1,699.50 \$ 1,296.21 \$ 403.29	\$ 17,777.76 \$ 20,000.00 \$ 15,000.00 \$ 5,000.00	\$ 20,984.00 \$ 16,434.55	\$ 16,434.55	\$ 4,549.45	\$ 20,984.00 \$ 16,434.55	\$ 16,434.55	\$ 4,549.45
Payroll Tax	\$ 1,666.62 \$ 1,716.67 \$ 1,545.00 \$ 171.67	\$ 20,023.48 \$ 23,000.00 \$ 21,300.00 \$ 1,700.00	\$ 20,600.00 \$ 18,540.00	\$ 18,540.00	\$ 2,060.00	\$ 20,600.00 \$ 18,540.00	\$ 18,540.00	\$ 2,060.00
Group Ins./Benefits	\$ 2,515.06 \$ 2,575.00 \$ 2,145.83 \$ 429.17	\$ 30,180.76 \$ 28,000.00 \$ 24,000.00 \$ 4,000.00	\$ 30,900.00 \$ 25,750.00	\$ 25,750.00	\$ 5,150.00	\$ 30,900.00 \$ 25,750.00	\$ 25,750.00	\$ 5,150.00
TOTAL PAYROLL	\$ 32,445.66 \$ 35,260.33 \$ 27,946.05 \$ 7,314.28	\$ 309,347.86 \$ 378,700.00 \$ 303,000.00 \$ 75,700.00	\$ 423,124.00 \$ 335,525.55	\$ 335,525.55	\$ 87,598.45	\$ 423,124.00 \$ 335,525.55	\$ 335,525.55	\$ 87,598.45
Delivery Insurance	\$ 604.72 \$ 686.67 \$ 686.67 \$ -	\$ 7,256.58 \$ 5,400.00 \$ 5,400.00 \$ -	\$ 8,240.00 \$ 8,240.00	\$ 8,240.00	\$ -	\$ 8,240.00 \$ 8,240.00	\$ 8,240.00	\$ -
Delivery Maintenance & Fuel	\$ 941.99 \$ 1,030.00 \$ 1,030.00 \$ -	\$ 11,303.76 \$ 14,400.00 \$ 14,400.00 \$ -	\$ 12,960.00 \$ 12,960.00	\$ 12,960.00	\$ -	\$ 12,960.00 \$ 12,960.00	\$ 12,960.00	\$ -
Depreciation - Delivery Vehicle	\$ 929.71 \$ 1,030.00 \$ 1,030.00 \$ -	\$ 11,156.56 \$ 9,600.00 \$ 9,600.00 \$ -	\$ 12,960.00 \$ 12,960.00	\$ 12,960.00	\$ -	\$ 12,960.00 \$ 12,960.00	\$ 12,960.00	\$ -
Freight and Postage	\$ 1,271.67 \$ 1,373.33 \$ 1,030.00 \$ 343.33	\$ 15,332.07 \$ 11,000.00 \$ 9,800.00 \$ 1,400.00	\$ 16,480.00 \$ 12,960.00	\$ 12,960.00	\$ 3,520.00	\$ 16,480.00 \$ 12,960.00	\$ 12,960.00	\$ 3,520.00
Insurance	\$ 521.64 \$ 557.52 \$ 515.00 \$ 42.52	\$ 6,256.65 \$ 6,200.00 \$ 6,000.00 \$ 200.00	\$ 6,695.00 \$ 6,180.00	\$ 6,180.00	\$ 515.00	\$ 6,695.00 \$ 6,180.00	\$ 6,180.00	\$ 515.00
Store Expense	\$ 741.95 \$ 772.50 \$ 686.67 \$ 85.83	\$ 8,896.31 \$ 9,000.00 \$ 8,000.00 \$ 1,000.00	\$ 9,270.00 \$ 8,240.00	\$ 8,240.00	\$ 1,030.00	\$ 9,270.00 \$ 8,240.00	\$ 8,240.00	\$ 1,030.00
Computer System	\$ 1,624.17 \$ 1,716.67 \$ 1,115.83 \$ 600.83	\$ 19,490.04 \$ 27,000.00 \$ 15,000.00 \$ 12,000.00	\$ 20,600.00 \$ 13,960.00	\$ 13,960.00	\$ 6,640.00	\$ 20,600.00 \$ 13,960.00	\$ 13,960.00	\$ 6,640.00
Depreciation - Fixed Assets	\$ 33.89 \$ 42.92 \$ 42.92 \$ -	\$ 406.70 \$ 420.00 \$ 420.00 \$ -	\$ 515.00 \$ 515.00	\$ 515.00	\$ -	\$ 515.00 \$ 515.00	\$ 515.00	\$ -
TOTAL MISC EXPENSES	\$ 4,108.77 \$ 7,210.00 \$ 6,137.08 \$ 1,072.92	\$ 50,304.77 \$ 61,020.00 \$ 67,820.00 \$ 15,200.00	\$ 66,520.00 \$ 73,845.00	\$ 73,845.00	\$ 12,975.00	\$ 66,520.00 \$ 73,845.00	\$ 73,845.00	\$ 12,975.00
TOTAL EXPENSES	\$ 6,843.50 \$ 42,479.33 \$ 34,083.13 \$ 8,396.20	\$ 683,998.99 \$ 803,920.00 \$ 683,920.00 \$ 120,000.00	\$ 803,920.00 \$ 803,920.00	\$ 803,920.00	\$ 120,000.00	\$ 803,920.00 \$ 803,920.00	\$ 803,920.00	\$ 120,000.00