Comptroller's Office provides guidance to help turn tide on corrupt contracting

The report details best practices to help NJ government entities clean up the awarding of contracts for services

The Office of the State Comptroller today provided New Jersey government entities with a set of detailed procedures to follow in order to make it tougher for unscrupulous public officials and contractors to unlawfully profit from government contracts.

The report, sent by e-mail to more than 1,500 government entities, describes best practices that will better ensure contracts funded by public dollars are appropriately advertised, properly evaluated and transparently awarded by procurement officials. Specifically, it analyzed contracts for services which, unlike contracts for goods, are often awarded on bases other than price and as a result typically involve a less formulaic award process. State Comptroller Matthew Boxer said government-awarded service contracts frequently are not guided by effective rules and procedures, presenting ample opportunity to exercise favoritism or violate the law in awarding such contracts.

"We've seen a litany of criminal convictions in New Jersey for unlawfully steering contracts for everything from audit services to insurance services to building inspection services," Boxer said. "The public is tired of it. It's not enough to simply wait for those who break the law to get caught and be punished. When so many individuals are exploiting or abusing the system, that system must be changed. Government entities that adhere to the best practices in our report will, at a minimum, make it far more difficult for dishonest participants in the procurement process to achieve their goals."

The report recommends the Legislature consider making the best practices mandatory for government entities across the state. Regardless, Boxer said, government entities should move to adopt the best practices "as soon as possible."

"While many of the best practices set forth in this report may seem self-evident, current state law presents these practices in many circumstances as options to be pursued as opposed to mandatory procedures to be followed," Boxer said. "That must change. These are practices that are aimed at protecting the public by helping to ensure that government gets the best value for the services it buys, and by guarding against unfair favoritism and waste of taxpayer dollars. Until these practices are followed more closely, the public will continue to view the government's awarding of service contracts with skepticism."

Among the best practices identified in the report are the following:

- Contracts should be awarded based on predetermined, merit-based criteria made known to vendors before proposals are submitted.
- Proposals should be judged by a qualified evaluation committee.
- The pool of contractors solicited should be as expansive as possible.
- Statements of work should be drafted in clear and unambiguous terms.
- Contracts should be awarded following a documented scoring process.

"A government entity that adheres to the best practices set forth in this report should find itself better able to procure quality, cost-efficient services from vendors consistent with the public trust. Those vendors, in turn, will more likely find themselves competing for the award of public business on playing fields bounded by clear and understandable rules," Boxer said.

The 25 pages of guidance include a two-page checklist for government entities to refer to on an ongoing basis. The Comptroller's Office will continue to monitor and audit public procurement processes to promote compliance with these best practices.

In addition, the Comptroller's Office today also distributed to all New Jersey government units a compilation of best financial management practices derived from its previous audits and reports.