



State of New Jersey

OFFICE OF THE STATE COMPTROLLER
P.O. Box 024
TRENTON, NJ 08625-0024

CHRIS CHRISTIE
Governor
KIM GUADAGNO
Lt. Governor

A. MATTHEW BOXER
State Comptroller

August 28, 2013

Contact: Pete McAleer
609-633-2377

State Comptroller follow-up review gives Rutgers mixed grades on improving handling of contracts

An Office of the State Comptroller (OSC) follow up to its 2011 audit of Rutgers University has found the university is improving some of its procurement practices but continues to limit competition for its public contracts.

The follow-up report, released today, cites several improvements, including Rutgers' elimination of a policy that had allowed it to award contracts without any competition simply by declaring the contract award to be "in the best interest of the university."

The follow-up review also found, however, that the university still limits competition to a select group of bidders. For example, OSC's review of five of the university's capital project contracts found that none had been publicly advertised. Instead, the university invited a select group of firms - approximately six percent of the firms on its list of pre-approved contractors - to submit bids.

"Rutgers' contracting process is more competitive today than it was when we conducted our audit in 2011," State Comptroller Matthew Boxer said. "But we continue to be surprised by the university's opposition to the basic notion of broad-based advertising of contracts funded by taxpayer dollars."

A large portion of Rutgers' revenue derives from state funding. Its 2013 budget includes more than \$400 million in state appropriations and state-paid employee benefits. Nonetheless, under current state law, public bidding requirements applicable to all other state colleges and universities do not apply to Rutgers.

OSC's follow-up review also analyzed seven Rutgers procurements in which a competitive vendor selection process was not used on the grounds that there was only one vendor capable of performing the service being sought. OSC found that two of those contracts – for food services and hotel services – did not present sufficient justification for the waiver.

In total, of the 18 recommendations made in the initial audit, OSC found Rutgers has implemented eight of the recommendations, partially implemented four recommendations and has not implemented six of the recommendations. In its written response to the follow-up report, Rutgers stated it would be revisiting its contracting procedures in light of its recent merger with the University of Medicine and Dentistry of New Jersey.

OSC conducts follow-up reviews for each audit that the office undertakes. All OSC reports are available on the office's website: www.nj.gov/comptroller.

* * *

Follow the Office of the State Comptroller on Twitter at @NJComptroller
and visit us on Facebook at www.facebook.com/NJComptroller.