

# STATE AUDITOR DOUG HOFFER

## PRESS RELEASE

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## **Auditor Finds Excessive Reliance on Uncompetitive Contracting Practices**

MONTPELIER, VT – Vermont State Auditor Doug Hoffer today released the findings of an investigation into the prevalence of uncompetitive state contracting practices.

For more than two decades, the State of Vermont has had a policy of contracting for services and materials “in a cost effective manner through the use of an open and competitive contract solicitation process.” According to the policy, sole source contracts awarded to a vendor without a competitive bid ought to be reserved for “extraordinary circumstances.”

The report released today quantifies the frequency and dollar value of sole source contracts at five selected departments and agencies. It also points to trends that the Auditor’s Office identified, as well as concerns about particular contracts and practices.

A review of nearly 1,000 contracts across five agencies and departments found that while sole source contracts are intended for extraordinary circumstances, this selection method is commonplace for some departments and agencies. In fiscal year 2015, sole source agreements accounted for 41% of all contracts awarded and amounted to \$68 million, or 27% of the total dollar value. This value is for sole source contracts awarded in one year by the five agencies and departments examined in our report reflects only a portion of state government.

“The high frequency of sole source contracts reviewed for this analysis raises questions about the effectiveness of the State’s contract management,” Auditor Hoffer said. “The State’s longstanding policy to competitively bid for contracts is meant to ensure taxpayers receive the highest values for their contracted dollars and Vermont businesses are afforded an equal opportunity to obtain contracts.”

Included in this review were: the Agency of Education, the Agency of Human Services Central Office, the Department of Buildings and General Services, the Department for Children and Families, and the Department

of Vermont Health Access.

While some sole source selections were justified, many were not. Numerous memos lacked a justification for using a sole source selection, and others lacked evidence to substantiate claims. The Auditor identified sole source memos based on erroneous information, and highlighted legislative directives that were used to sidestep the State's contracting policy. In addition, familiarity with contractors often took precedence over an open and competitive process.

"State officials owe it to Vermonters to make every effort to achieve the highest value contracts for services and materials," Hoffer said. "The only reliable way to do that is through an open and competitive process."

In light of the findings in this report, the administration has pledged to work with agencies and departments to strengthen contracting practices. "I am encouraged by the Secretary of Administration's response to these findings and his agency's commitment to improve contract procedures," Hoffer said. "It is critical for the State to identify structural deficiencies and solutions to enhance contract oversight."

To read the full version of the report *Sole Source Contracts: Extraordinary Use in Ordinary Times*, [click here](#).