



## **Budget Should Maintain Comptroller Pre-Audit Review of Contracts and Competitive Bidding**

*Legislature's Budgets Reject Some of Governor's Proposals Eroding Comptroller's Authority, but Leave Many and Add Others*

Our groups urge State lawmakers and the Governor to maintain the Comptroller's current authority to review state contracts before they are executed and ensure contracts are competitively bid to the maximum extent. While the Legislature rejected \$3 billion of the Executive budget proposals eroding the Comptroller's pre-audit authority, all three budget proposals are worse than the status quo.

### **Reducing Contract Review and Competitive Bidding Increases the Risk of Corruption and Misconduct**

After former Governor Cuomo removed Comptroller pre-audit review of certain contracts led by SUNY and CUNY and their affiliates in 2011 and 2012, the Buffalo Billion contract bid-rigging scandal resulted in the abuse of nearly a billion dollars in public funds.

[The Comptroller's pre-audit review](#) works. Having independent eyes on the contract process deters corruption, reduces waste, and gives vendors confidence they are in a fair competition, which in turn encourages more bidders and [reduces costs to taxpayers](#).

The Comptroller's office has published extensive data showing its pre-contract review is generally fast and efficient, [taking on average only 7 days with 90% of contracts reviewed within 15 days](#). Furthermore, the time saved in the procurement process is minimal if not illusory since many contracts are submitted to the Comptroller's office after the start date. The time from issuing an agency Statement of Need to awarding a contract is a months to years long process. The Comptroller pre-audit review is just one small part of the process, which is most often slowed by agencies not providing accurate information for the pre-audit review in a timely manner. Speeding up procurement should focus on other more substantial improvements, like assisting agencies with

writing Requests for Proposals (RFPs), a time-consuming part of the procurement process.

### **Executive Budget Blocks Independent Comptroller Review and Make Contracts Uncompetitive**

The Governor is proposing to increase the dollar thresholds triggering Comptroller review of contracts in Part Y of the Public Protection and General Government (PPGG) Article VII bill. The Governor sets the new threshold for Comptroller review at \$300,000, raising the floor from as little as \$50,000 for state agency contracts, a whopping 500% increase that is far in excess of the 66% inflation since the thresholds were last changed. This action may appear small in dollar terms, but it will result in \$1 billion more in taxpayer money going into vendors' pockets without the Comptroller's needed scrutiny. The Governor also proposes to eliminate Comptroller pre-audit review for purchases from centralized contacts administered by OGS, which many state agencies make purchases from, opening a chasm of \$2 billion in unexamined funds. Thankfully, both the Assembly and State Senate reject these changes totaling \$3 billion in unreviewed contracts. We call on the Assembly and Senate to stand firm in their rejection of these changes.

In addition, the State Comptroller's pre-audit authority is removed entirely in 26 particular provisions in the Executive Budget State Operations, Capital Projects, and the Aid to Localities appropriations bills and the Education, Labor and Family Assistance (ELFA) and Health and Human Services (HHS) Article VII bills. This is done by "notwithstanding" sections 112 of the State Finance Law, and 2879-a of the Public Authorities Law. Together, these would exempt about \$1 billion from Comptroller pre-audit review. These include, but are not limited to, contracts related to:

- \$250 million in water infrastructure projects
- \$191 million for rural transformation projects
- \$116 million in after-school programs
- \$42 million in infrastructure projects
- \$30 million in farm operations
- \$21 million in rural health transformation projects

Unfortunately, the Legislature added in 8 instances of exemptions from Comptroller review while removing 4. These include:

- \$40 million in abortion and reproductive care contracts (various Assembly and Senate additions)
- \$126 million in vocational rehabilitation training (Assembly additions)
- \$90 million in community-based programming (Senate additions)

The Governor's Executive Budget also exempts contracts from the competitive bidding process in 36 instances totaling \$2.76 billion. Some proposals exempt new contract areas while other proposals continue to exempt existing contract areas. These include:

- \$600 million for Low-Cost Residential Weatherization or Other Energy-Related Home Repair
- \$500 million for Various Adult Community Mental Health Programs
- \$425 million for Supportive Housing
- \$300 million for the Empire State Supportive Housing Initiative
- \$247 million for Problem Gambling and Substance Use Disorder Prevention, Treatment, Harm Reduction and Recovery Services

The Legislature also added 6 areas to the Executive Budget's proposals that would be exempted from competitive bidding while removing 1, including:

- \$40 million for Pathways in Technology
- \$13 million for Refugee Resettlement

We thank the Assembly and Senate for rejecting \$3 billion in contracts that the Executive would have exempted in comptroller review. However, even under their budgets, the Comptroller would review about \$1 billion less than the status quo. Additionally, about \$2.8 billion in contracts would continue to be or be newly bid uncompetitively. The Governor and Legislature should be striving to ensure the integrity of government contracting, not undermining it through limiting the Comptroller's powers and doing uncompetitive procurements.