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New rules seek to tighten oversight on high-value contracts

By KIMBERLEE KRUESI, Associated Press

BOISE, Idaho (AP) — New rules seeking to tighten oversight on Idaho's multi-million dollar contracts have yet to be approved by state lawmakers but officials have already set up an opt-out process to exempt agencies from increased scrutiny.

The state Department of Administration adopted the rules earlier this year.

According to the new rules, state contracts valued \$5 million or more would be reviewed in the early planning stages by a third party and then monitored periodically by an independent party. The rules require that each high-value contract have an oversight board with at least two experts on the subject as well as call for more training and resources for those managing the agreements.

The guidelines were developed after multiple scandals plagued Idaho's most expensive contracts for years. Most recently, lawmakers expressed shock that the Department of Administration extended a contract that provided public schools with broadband Internet even though it cost the state millions more than promised. Then in November, a district court deemed the \$60 million illegal, leaving the project's future unknown.

While Idaho has nearly 440 state-funded service contracts, the standards would only apply to 45, but they total \$2.6 billion. The remaining contracts are valued at roughly \$164 million.

However, the department has already posted a three-page exemption application on its website that would allow agencies or individuals to bypass some or all of the new rules.

Department officials did not return multiple calls over the past three weeks from The Associated Press but said in a brief emailed response Wednesday that the exemption policy would not be applicable until after the rule goes into effect July 1. They did not comment on why the exemption application was added or who requested it.

"(Third party review) will be agency costs and will vary by agency depending on the oversight procedures currently in place and the number of high dollar service contracts," spokeswoman Jennifer Pike said in the email. "The oversight board can be an existing board within the agency or the agency can choose to create a new board for this purpose."

She added that the division in charge of the contracts will hire additional staff to expand its training program.

The state's contract rules may be improving, but they do nothing to address the many contracts issued by the Legislature, the judiciary and statewide elected offices, said Rakesh Mohan, director of the state's non-partisan Office of Performance Evaluation.

In a 2013 evaluation report, Mohan's office submitted the recommended rules that the department eventually adopted. Mohan says that overall, the proposed rules will strengthen the state's contract oversight, but he's worried about the exemption option.

"Some of the contracts that have gotten attention in the media are the ones that got the exemption," he said, pointing out the state's contentious \$60 million broadband contract was split between the state Department of Education and state Board of Education. This meant that while the department would be subject to the straighter standards, the board's contract would not.

"We would have liked to seen most of the exemptions gone but the department chose not to go in that direction," he said.

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