To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 927 (First Reprint) with my recommendations for reconsideration.

This bill requires the State Auditor to conduct an audit of each privatization contract with a total value of more than $100,000 between the Department of Corrections and a private business entity and to issue a report to the Governor and the Legislature regarding the contract not more than 90 days after the end of the first year that the contract is in effect, or, in the case of a contract entered into more than a year prior to the effective date of this act, not more than six months after the effective date of this act. The bill would prohibit the Commissioner of Corrections from contracting with a private business entity for substantially similar services in the future if the State Auditor finds that the privatization contract yielded no actual net reduction of in-house costs at the time the report is made, even if the term of the contract had not yet concluded.

I wholeheartedly support efforts to save taxpayer dollars, including through the privatization of certain government functions, and concur with the sponsors' intent that privatization contracts be monitored. Unfortunately, as presently drafted, this bill will frustrate those efforts as well as expand the authority of the State Auditor in a wholly inappropriate manner. First, by requiring the completion of an audit one year into privatization contracts, the sponsors ignore the reality that many of these contracts may not instantly produce savings. Transitional costs occurring at the beginning of a contract often tend to absorb early savings. This bill
auditors at the consolidation of such contracts and provided to the private pravatization contracts be performed by private independent auditors. I propose that auditors of Department of Corrections, some or better levels than the government can for less cost, functions to pravatize entitles when they can perform them at the and streamline government operations by contracting through those that prevent pravatization efforts save tax dollars. I must be of contracts but the taxpayers of New Jersey. We must be pravatization contracts properly serve not only the Department of Corrections, the Legislature’s desire to ensure that I recognize the Legislature’s desire to ensure that fund, thus deterring from their office’s traditional mission, and of the State Auditor into areas where it lacks expertise, and contracts in programs, this bill expands the power of the office conducted. By introducing these types of audits into new short-term mission of monitoring department programs not yet evaluating the long-term success of State funding, and not the State Auditor, therefore, is appropriately tasked with executive director of the office of logistics, the Governor, and the support reports to the Legislature, the Governor, and the funds, at the consolidation of such audits the Auditor shall authority, or public entity or agency that receives State share rewrites of any program or any accounting agency, independent of State government. The Auditor may also conduct performance audits of all departments, agencies, and agencies and authorities to conduct “post-audits” of all transactions and which by the Legislature and have constitutional and statutory authority in an improper manner. The State Auditor is appointed second, this bill would also expand the power of the State.
prior to June 30, 2012;

(5) Contracts extending beyond

o corrections of the Department

permits provided or

requirement to provide

requests as of July 1, 2009

in the amount of at least

$12,000, the amount shall

in a contract with the

amendment to the contract

the amount of corrections

the contracts

and

existing contract, and

State of New Jersey

Executive Department
Chief counsel to the Governor

s/Cyril B. McKenna

Attorney:

[Signature]

Governor

s/Cyril B. McKenna

Respectfully,

[Signature]

Defer "4" and insert "3"
Defer in their entirety
Defer in their entirety

paragraph 6 of section 1 of
Defer, "for the purposes of

Commissioner to the Commissioner of
Another shall submit a report
Defer, "effect, wherever is
Defer in their entirety

Defer, "with and insert "en
Defer, "after, before, insert "within
Defer, "as part of the
Defer, "an Independent
Defer, "The State Auditor"

Consulting
Management or provide legal services to
(5)

and

after this enactment

Any subsequent

of this

contract shall be subject to

reduction or proration

June 30, 2017, for the

existing before

reduction or proration

of (a) amount of

paragraph which is

of (5)