

Service contracting

[Science](#), [Social Science](#)



Service Contracting Service Contracting Service contracting is a process of procuring or acquiring a service through a formal procedure that is bound by a specific agreement between the buying and selling parties. However, service contracting is generally used in cases where the service involved is complex in nature. For example, construction of a bridge is a costly endeavor and requires a company that is particularly skilled in building bridges (Savas. 2005). The complex nature of the required service as well as the expertise of the service provider is a key consideration. As such, governments as well as many corporations are involved in service contracting for complex services.

2. Feasibility study is essential in evaluating the practicality of a project.

Normally, when services providers are solicited through an RFP (request for proposal), a solicited proposal is developed and feasibility analysis is carried out in order to assess the associated costs, risks and timelines. Feasibility analyses help in mitigating the risks and provide a cost-effective way for service providers to proceed with the project.

3. Contractor selection occurs on the basis of the submitted proposals. The solicitation contains the criteria for selection of the contractor in addition to other instructions relating to the evaluation process (Le Roux, 2007). The exact proposal evaluation process for awarding of contract varies. However, contract awarding and the proposal evaluation processes are prone to biases such as lack of competition, less number of submitted proposals, deviation from the company's policies, and lack of compliance. Many issues stem from lack of competition itself, for example, monopolistic pricing.

4. The best practice is to ensure that the selected contractor possesses the ability to meet the needs of the project. All written contracts should be

formally documented and the specifications and requirements must be clearly defined beforehand. In addition, there must be a sufficient level of completion, that is, there must be a sufficient number of proposals received before the contract is awarded (Savas. 2005). If not, a sole source justification must be provided making a case for the only supplier. Auditing of the evaluation process and contract awarding must be carried out in order to ensure compliance with the policies in addition to contract monitoring.

5. Contract monitoring allows the contractors to be looked out for their compliance with the ethical standards and policies. In case of any deviations, law enforcement agencies as well as the human resources department of an organization are the main authorities that take action against any violations. There is also a concept known as whistleblower protection which allows for the reporting of misconduct and non-compliance however other forms of protection vary from agency to agency (Le Roux, 2007). This is why well-documented contracting helps to many such risks.

6. Service contracting is an essential concept in public administration because much of the procurement of services in the public sector occurs via service contracting. Hence, the information is useful in effective and efficient public administration as it can help to prevent ineffective contracts, badly executed projects, and so on (Savas. 2005).

References

LeRoux, Kelly, ed., *Service Contracting, A Local Government Guide*, 2ed., 2007, ISBN 13: 978-0-87326-718-2, ICMA Press, Washington, D. C.

Savas, E. S., *Privatization in the City*, 2005, CQ Press, 2300 N Street, NW, Ste. 800, Washington, DC 20037. ISBN 1-56802-957-8