



**New Jersey State Legislature  
Office of Legislative Services  
Office of the State Auditor**

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**EXECUTIVE SUMMARY**

**DEPARTMENT OF THE TREASURY - DIVISION OF PURCHASE AND PROPERTY  
TEMPORARY STAFFING SERVICES CONTRACT  
JULY 1, 2013 TO MAY 31, 2016**

We found that the financial transactions included in our testing were related to the cooperative procurement agreement, were reasonable, and were recorded properly in the accounting systems. In making this determination, we found insufficient monitoring for reimbursable costs associated with the Affordable Care Act. We also found non-compliance with certain provisions of the New Jersey Administrative Code regarding cooperative procurement agreements. Additionally, we made an observation concerning temporary staffing services, including an opportunity for cost savings.

**AUDIT HIGHLIGHTS**

The division failed to provide adequate public notification to potential qualified bidders prior to entering into a cooperative procurement agreement, as required by New Jersey Administrative Code (N.J.A.C) 17:12-1A-3.

The N.J.A.C. allows goods or services to be purchased through a contract awarded pursuant to a cooperative procurement agreement if the division determines this is the most cost-effective method of procurement. We found flaws in the analysis, disproving their cost saving projection.

The division did not adequately convey to using agencies that they should seek reimbursement for any unused Affordable Care Act payments. We brought this to the division's attention and the vendor has agreed to reimburse the state \$302,000 for calendar year 2015 overpayments.

While the state payroll has decreased by 4,700 employees since 2013, temporary staffing services expenditures have progressively increased since fiscal year 2013. The cooperative procurement agreement allows for the procuring of titles that are not specifically identified in the agreement. Titles can be easily added whenever a need arises. Our review determined \$13 million has been disbursed by the state for miscellaneous positions since 2013.

We identified 58 former temporary employment services state employees that are now procured through the vendor. From calendar year 2013 through calendar year 2015, the state paid \$475,000 more for their services. If all positions were procured through temporary employment services state positions versus the vendor, the state could have saved \$5 million in calendar year 2015. There were also 427 direct referrals in calendar year 2015, 23 of whom were retired state employees, including 19 who worked for the same state agency from which they retired.

**AUDITEE RESPONSE**

The department generally concurs with our findings and recommendations.

For the complete audit report, click [here](#).