



Office of the State Comptroller

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Agencies Failed to Follow Requirements When Spending Taxpayer Funds on State-Issued Purchasing Cards (“P-Cards”), Report from the Office of the State Comptroller Finds

TRENTON – A new report from the Office of the State Comptroller (OSC) finds that New Jersey state agencies that used purchasing cards (“P-Cards”) to make transactions with public funds failed to follow requirements for the program and left taxpayer dollars potentially vulnerable to fraud and misuse.

“Our report found that as many as 30 percent of the purchases we sampled made on state-issued credit cards were documented incorrectly,” said **Acting State Comptroller Kevin D. Walsh**. “We also found that employees were approving their own purchases – the kind of system failure that makes taxpayer money ripe for abuse. Agencies must do more to make sure the millions of dollars spent annually on P-Cards are documented transparently and used appropriately.”

The P-Card program was developed in 1998 for state agencies to purchase goods and services quickly and easily. Agencies themselves are responsible for establishing internal controls to ensure compliance with Department of Treasury guidelines and prevent misuse. Seventeen New Jersey state agencies spent approximately \$42.2 million of taxpayer funds on their P-Cards during Fiscal Years 2015-2017.

OSC’s report found that, of the three sampled agencies (Human Services, Corrections, and Environmental Protection):

- Two agencies allowed employees to approve their own P-Card transactions, increasing the risk of fraud and misuse;
- Two agencies failed to seek required quotations and obtain verification for sole source vendors during their procurement process for purchases above a certain dollar threshold;
- And all three agencies failed to maintain transaction logs and required documentation for P-Card transactions, making it difficult to evaluate whether their P-Card activity was appropriate or not.

The report concludes with three recommendations from OSC that will help agencies protect the P-Card system against the potential misuse of taxpayer funds.

All three agencies agreed with OSC's findings and expressed that they intend to address the shortcomings with their administration of P-Cards that OSC identified.

The full OSC report, along with the agencies' responses, can be found [here](#).

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The Office of the State Comptroller (OSC) is an independent state agency that works to advance transparency and integrity throughout New Jersey government and to ensure taxpayer funds are spent efficiently and effectively. The OSC conducts audits and investigations of government agencies throughout New Jersey, reviews certain government contracts, and works to detect and prevent Medicaid fraud.

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