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New Jersey is Only Recipient of Disaster Recovery Funds to Comply With All Federal Internal Audit Regulations, Ensuring Proper Use of Sandy Aid

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Tags: [Hurricane Sandy](#)

TRENTON, NJ – Governor Chris Christie today announced another outstanding achievement in New Jersey's historically swift Superstorm Sandy recovery. The Office of the Inspector General (OIG) determined that New Jersey was the only one of 12 recipients of grants from the Disaster Relief Appropriations Act of 2013 to comply with all U.S. Housing and Urban Development (HUD) internal audit requirements that safeguard the distribution of federal funds and improve recovery operations.

The OIG report reviewed the internal audit activity of 12 out of 34 Relief Act grantees, including the three largest recipients, New York State, New York City and New Jersey, which received nearly \$13 billion in combined Community Development Block Grant Disaster Recovery (CDBG-DR) funds for Sandy recovery efforts.

"This federal report demonstrates that New Jersey has recovered from Superstorm Sandy at a historically fast pace while ensuring taxpayer money has been properly invested," Governor Christie said. "I am proud this administration, unlike any other, has rebuilt its infrastructure and economy after a devastating natural disaster, doing the job right to expeditiously return people to their homes, jobs and businesses. The accountable way we used valuable public resources has allowed us to help even more people and harden our infrastructure in the face of future disasters, in a way that must be replicated in states across America."

"We welcome the recognition by the federal government of our successful recovery efforts," said Charles A. Richman, Commissioner of the New Jersey Department of Community Affairs, which manages the CDBG-DR funds. "This is not the first time federal officials have praised New Jersey for the operations and management of our many recovery programs. Last year, for example, among the three major Sandy grantees of New York State, New York City and New Jersey, only New Jersey was moved to once-a-year monitoring because of HUD's comfort with our responsible fiscal and program management."

The OIG report said that New Jersey, referred to as "Grantee 2" in the report, was the only one of the 12 grant recipients in the audit sample to fully comply with all four of HUD's internal audit requirements. To receive CDBG-DR funding, disaster grantees were required to submit an action plan to HUD detailing the proposed use of all funds, including eligibility criteria and how the use of these funds would address long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most affected and distressed areas. Grant recipients also had to establish internal audit standards to ensure proficient financial controls, establish adequate procedures to prevent duplication of benefits, ensure the timely expenditure of funds, and establish procedures to detect and prevent waste, fraud, and abuse of funds.

The OIG report said that New Jersey, which received \$4.17 billion in CDBG-DR funds, did so correctly by:

- Including in its Disaster Recovery Action Plan a description of its internal audit activity;
- Including in its Action Plan an organizational chart showing independence from the disaster grant operations office;
- Complying with generally accepted government auditing standards in its internal audit activity; and
- Completing an internal audit of the disaster grant.

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The OIG report stressed the importance of these requirements, explaining that "[i]nternal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes[.]"

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