

**Integrity Monitor Report  
Category 3**

Integrity Monitor Firm Name: Deloitte & Touche, LLP  
Quarter Ending: 03/31/2024  
Expected Engagement End Date: 03/28/2024

**A. General Info**

1. Recovery Program Participant:

State of New Jersey, Department of Human Services (DHS), Office of New Americans (ONA) and Division of Family Development (DFD)

2. Federal Funding Source (e.g. CARES, HUD, FEMA, ARPA):

ARPA

3. State Funding Source (if applicable):

SFRF

4. Deadline for Use of State or Federal Funding by Recovery Program Participant:

Funds must be obligated by December 31, 2024, and expended by December 31, 2026

5. Accountability Officer:

Allan Brophy

6. Program(s) under Review/Subject to Engagement:

DFD - Child Care Recruitment and Retention Grants Program (CCRRGP)  
DFD - Child Care Subsidy Payments based on agreement vs. attendance Program (CCSP)  
ONA - Excluded New Jerseyans Fund (ENJF)

7. Brief Description, Purpose, and Rationale of Integrity Monitor Project/Program:

This Engagement Query was issued by the Department of the Treasury on behalf of the Department of Human Services ("DHS"). The engagement

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query was for grant management services as described in Section 3.1.1 of the RFQ, Category 3 Financial Auditing and Grant Management: to review and adjust DHS's program design for compliance with federal rules, develop policy and training documents, and assist DHS in the engagement of entities to administer the program.

8. Amount Allocated to Program(s) under Review:

CCRRGP - \$30 million  
CCSP - \$48 million  
ENJF - \$54 million

9. Amount Expended by Recovery Program Participant to Date on Program(s) under Review:

CCRRGP - \$30 million  
CCSP - \$48 million  
ENJF - \$54 million

10. Amount Provided to Other State or Local Entities:

N/A

11. Completion Status of Program (e.g. planning phase, application review, post-payment):

Post-payment

12. Completion Status of Integrity Monitor Engagement:

The engagement has been completed.

**B. Monitoring Activities**

13. If FEMA funded, brief description of the status of the project worksheet and its support:

a) IM Response

N/A

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b) Recovery Program Participant Comments

N/A

14. Description of the services provided to the Recovery Program Participant during the quarter (i.e. activities conducted, such as meetings, document review, staff training, etc.):

a) IM Response

Deloitte and the New Jersey Department of Human Services (NJDHS) participated in weekly status meetings to discuss project progress, upcoming tasks and any identified risks and roadblocks. Additional activities executed for each individual program are described in further detail below.

**CCRRGP**

Per previous agreement, Deloitte has split the testing for the CCRRGP into two parts. Part A, which is representative of the original sample population of 1,000 facilities, and Part B which represents the 60 staff members and matching facilities selected for source documentation reviews.

For Part A, Deloitte performed a quality control review of the test findings to ensure the formatting, approach and accuracy were consistent across all tests. The review process spanned 3 weeks in January and then findings were summarized and presented to NJDHS and DFD on February 15th. There were 892 facilities marked as meeting all eligibility requirements for the CCRRGP. There were 108 facilities that were flagged for having missing or incomplete documentation in at least one eligibility requirement area. All findings will be detailed in the final summary and a list of the flagged cases was provided to the DFD.

For Part B, Deloitte collaborated with DFD and their external vendor TCC Solutions (TCC) to get the requested documents uploaded to a secure location accessible to the Deloitte team. On January 9th TCC uploaded the health and safety training certificates, facility licenses and w-9 forms for all 60 selections to Deloitte's provisioned SharePoint site. On January 16th DFD uploaded the salary documentation for 37 of the 60 requested selections.

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Completion of testing was pending the receipt of 23 salary documents. Deloitte communicated to NJDHS that if additional documents were not received by February 27th Deloitte would conclude testing in order to meet the currently outlined project end date. As of March 1st, the remaining documents had not been delivered so Part B testing concluded with 37 tests. There were no notable exceptions and due to a lack of visibility on grant award dates certain findings were inconclusive. There were some instances of staff Health and Safety certifications awarded on dates after the application submissions for phases they were labeled eligible, but it is possible the facility was not approved prior to this date or that the eligible staff member was not actually included in the application. Similarly, some of the W-9 forms are for dates after the applications but it appears the forms are updated regularly and the latest version on file were the ones provided, not necessarily the form that was on file at the time of application.

### **CCSP**

Testing for this program resumed in January 2024 with the receipt of new documents that previously had been flagged as missing from various counties. Testing continued into the beginning of February and was followed by the QC review process to ensure findings were consistent. Deloitte met with the DFD Program 2 contact on February 20, 2024 to do a preliminary review of the findings and to review certain CCSP scenarios to ensure cases were flagged appropriately.

Out of the 60 cases selected for testing, 1 test could not be completed due to the applicant not returning the application there being no case documents available to be reviewed. Of the 59 cases that were tested, 40 were marked as meeting all eligibility requirements for the CCSP and 19 cases were flagged for having missing or incomplete documentation in at least one eligibility requirement area. All findings will be detailed in the final summary and a list of the flagged cases will be provided to NJDHS and DFD.

### **ENJF**

During January Deloitte reviewed the previous findings with the intent to finalize the number of cases impacted. There were initially 165 applications that were identified for having missing or incomplete documentation in at least one eligibility requirement area, however it was determined this was the count of instances across applications. After further evaluation the team found that 123 is the number of unique cases

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impacted. There were not many activities performed for this program during the month of February 2024 as most tasks had been completed in the months prior. Deloitte finalized the list of cases marked as potential improper payments as well as those marked as having missing or incomplete documentation. All findings will be detailed in the final summary and the list of the flagged cases will be provided to NJDHS and the Office of New Americans (ONA).

### b) Recovery Program Participant Comments

#### **CCRRGP**

59 of 108 (50%) appear to be related to staff's missing verification of Health & Safety (H&S) Trainings. Over the past couple of years, DHS/DFD have been updating New Jersey Child Care Information System (NJCCIS), Provider Management System, which tracks Health & Safety (H&S) Trainings. Since the onset of CCDBG requirements 2016, DHS/DFD has been continuously employing strategies to track and monitor training compliance. Verification of training, moved from a paper system to electronic system, using course codes in 2022 to identify CCDBG training. Additionally, December 2023 a provider profile Health and Safety Grid was created to help monitor H&S compliance.

The observation noted 59 provider records were missing H&S trainings. It is important to note; there are different modalities available to check verification of H&S compliance, such as paper certification, review of course code or the recent H&S grid flag in NJCCIS. Understanding, which approached was used to determine compliance would help DHS/DFD determine how to better improve internal controls and further research the cases to follow-up if trainings were not completed or need to be completed.

30 of 108 indicated W-9 were not found on provider's profile in NJCCIS. Immediate investigation is underway to determine cause of missing documents and corrective action plan. DFD is in discussion with the vendor to understand the issue and identify necessary steps to ensure compliance with program rules.

23 salary documents were not delivered for Part B testing of 60 staff members at the facilities. As a result, Deloitte was unable to complete testing prior to the established project deadline and Part B testing

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concluded with 37 tests. It should be noted - grant eligibility requirements – required providers to self-attest staff salaries, which is self-reported. Salary requirement cap of \$50,000 was based on the industry average which majority of staff salary fall under this income threshold, especially for new hires. Deloitte’s requests for salary documentation from providers surpass the grant eligibility requirements (providers were allowed to self-attest/certify as to their staff’s salaries).

DHS/DFD is committed to ensuring providers comply with program rules and cooperate with audits, as stipulated in the application terms and conditions DFD staff will follow-up with the providers to discuss potential adverse action, as a result of failure to timely respond to and cooperate with audit request.

### **CCSP**

19 out of 60 cases that were tested for eligibility in connection with the Enrollment Based Childcare Policy were related to lack of documentation; such as (1) Facility License; and, (2) Addendum/Attestation.

DHS/DFD transfer to an online Provider Management System, known as NJCCIS, allows both DHS/DFD and Child Care Resource and Referral (CCR&R) Agencies direct access to provider licensing and registration information for all licensed centers, as well as Registered Family Child Care (FCC) providers and Approved Home (AH) providers. As part of any provider’s profile, there is a specific field that includes their current license status and the date the license expires., which CCR&Rs check as part of determining eligibility.

Accordingly, while the license may have not been scanned to DHS/DFD for this review, the Child Care Resource and & Referral (CCR&R) agency at all times has access to the provider’s profile to confirm that the provider has an active license or registration. When CCR&Rs are subject to federal monitoring or for audit purposes, licenses are printed for these reviews.

DHS/DFD does have a comprehensive document checklist that CCR&Rs must follow when they process applications for eligibility either at initial, or redetermination. Application Addendums that state a family does not hold more than \$1,000,000 in assets are required at the time of an initial or redetermination application. The addendum is not currently system generated and requires CCR&R staff to print separately.

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DHS/DFD will follow-up with the CCR&Rs to determine the status of the missing documents and review processes to evaluate if technical assistance is required and improved internal controls.

DHS/DFD provides Technical Assistance (T/A) to the CCR&R if it sees a specific area where the CCR&R may have errors. DHS/DFD also on its own volition randomly selects and reviews case files from the CCR&Rs to review for administrative errors (such as missing documentation) and payment errors. DHS/DFD also participates in the federal, triennial improper payment monitoring that also randomly samples cases for administrative and payment errors.

### **ENJF**

ONA will implement Deloitte's recommendations for the award of any future grants, many of which reflect systems we had in place for the ENJF program at the advice of the integrity monitor agency that supported the implementation of the program. For instance, the ENJF program tracked trends of potentially questionable applications and documents to minimize the risk of FWA, which is reflected in the low percentage of improper payments for this program. In future grants we will implement the other recommendations as much as possible, this program was stood up in an expedited fashion to get COVID relief funds to the public, which limited the capacity for automation and the use of technology.

15. Description to confirm appropriate data/information has been provided by the Recovery Program Participant and description of activities taken to review the project/program:

a) IM Response

### **CCRRGP**

All data had been received for Part A testing; however, for Part B Deloitte was awaiting additional documents to conclude testing efforts. There was no confirmed arrival date for these items and Deloitte was unable to complete testing prior to the established project deadline.

### **CCSP**

As of January 19, 2024 Deloitte had received documents for 57 out of 60 cases and received the remaining 3 cases on January 31, 2024. Testing was concluded the first week of February.

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**ENJF**

The ONA department had previously provided Deloitte with access to the applicant system for the ENJF program, and had provided an extract containing data for all applicants in the ENJF program population in prior quarters. No additional data was needed to complete testing.

b) Recovery Program Participant Comments

**CCRRGP**

23 salary documents were not delivered for Part B testing of 60 staff members at the facilities. As a result, Deloitte was unable to complete testing prior to the established project deadline and Part B testing concluded with 37 tests. It should be noted - grant eligibility requirements – required providers to self-attest staff salaries, which is self-reported. Salary requirement cap of \$50,000 was based on the industry average which majority of staff salary fall under this income threshold, especially for new hires. Deloitte’s requests for salary documentation from providers surpass the grant eligibility requirements (providers were allowed to self-attest/certify as to their staff’s salaries).

DFD staff will follow-up with the providers to discuss potential adverse action, as a result of failure to timely respond to and cooperate with audit request.

16. Description of quarterly auditing activities conducted to ensure procurement compliance with terms and conditions of contracts and agreements:

a) IM Response

N/A

b) Recovery Program Participant Comments

N/A

17. If payment documentation in connection with the contract/program has been reviewed, provide description.

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a) IM Response

**CCRRGP**

Salary documentation had been requested for 60 staff members for Part B testing. It was left up to the provider to determine what type of documentation would satisfy the ask for proof of salary for the selected staff member. Deloitte reviewed salary documents (e.g. payroll summaries, pay stubs, w2s, etc.) for 37 staff members.

**CCSP**

Parent Application and Provider Agreement (PAPA) documents were provided by the CCR&Rs to show the payment schedule and amounts approved for the families eligible for the program. Provider payment detail screenshots were also provided to show proof of payment to the appropriate provider.

**ENJF**

To verify the household income met the program requirement of being \$55k or less, Deloitte reviewed documents that reflected the income of the applicants. This included tax documents, pay stubs, employer letters, letters from a non-profit, bank deposits and attestations.

b) Recovery Program Participant Comments

**CCRRGP**

23 salary documents were not delivered for Part B testing of 60 staff members at the facilities. As a result, Deloitte was unable to complete testing prior to the established project deadline and Part B testing concluded with 37 tests. It should be noted - grant eligibility requirements – required providers to self-attest staff salaries, which is self-reported. Salary requirement cap of \$50,000 was based on the industry average which majority of staff salary fall under this income threshold, especially for new hires. Deloitte's requests for salary documentation from providers surpass the grant eligibility requirements (providers were allowed to self-attest/certify as to their staff's salaries). DFD staff will follow-up with the providers to discuss potential adverse

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action, as a result of failure to timely respond to and cooperate with audit request.

18. Description of quarterly activity to prevent and detect waste, fraud, and/or abuse:

a) IM Response

Deloitte regularly made updates to the risk assessment and recommended actions as additional program insights were gained through the program reviews. Findings relative to potential instances of waste, fraud, and/or abuse were flagged as they were identified during ongoing activities. Additional investigation will take place on these applications and a finalized list was provided to NJDHS.

b) Recovery Program Participant Comments

All cases flagged as a duplicate or potential improper payment will be further reviewed to determine if potential adverse action should be taken or if any cases should be referred over to OSC for further investigation.

19. Details of any integrity issues/findings, including findings of waste, fraud, and/or abuse:

a) IM Response

**CCRRGP**

Cases flagged as duplicates or potential improper payments were shared with NJDHS and DFD for additional investigation. There were 6 cases identified, reasons included staff members potentially being over the salary limit and staff members having duplicate qualifying staff identification numbers in the application system. Any recoupment or mitigation plans are to be determined by the state.

**CCSP**

There were no such instances identified for the CCSP.

**ENJF**

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Cases flagged as duplicates or potential improper payments were shared with NJDHS and the ONA for additional investigation. There were 17 cases identified, reasons included applicants exceeding the income limit, proof of stimulus funds received, lack of documentation and attestations, and name and address discrepancies. Any recoupment or mitigation plans are to be determined by the state.

b) Recovery Program Participant Comments

**CCRRGP**

DFD will look further into the cases identified as possible improper payment to determine what is the best and prudent course of action. Systems edits are also underway to add additional edits to prevent duplication of records.

**ENJF**

ONA will reach out to clients to inquire about the missing documentation or clarification on proof of eligibility submitted.

20. Details of any other items of note that have occurred in the past quarter:

a) IM Response

Deloitte set the project end date for March 8, 2024 taking into account the remaining activities and the project budget. This date is ahead of the end of the period of performance, which concludes on March 31, 2024.

b) Recovery Program Participant Comments

N/A

21. Details of any actions taken to remediate waste, fraud, and/or abuse noted in past quarters:

a) IM Response

**CCRRGP**

Testing for this program was still in progress.

**CCSP**

Testing for this program was still in progress.

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ENJF

Deloitte worked with the ONA to better understand cases that were flagged as potential improper payments and conducted additional investigation to determine the proper status of these cases.

b) Recovery Program Participant Comments

**ENJF**

Of the 17 cases flagged as a duplicate or potential improper payment, ONA will reach out to clients to inquire about the missing documentation or clarification on proof of eligibility submitted.

**C. Miscellaneous**

22. List of hours (by employee) and expenses incurred to perform quarterly integrity monitoring review:

a) IM Response

<b>Employee Name</b>	<b>Total Hours</b>
<i>01/02/2024 - 03/31/2024</i>	
McWashington, Jaquina L	206
Peterson, Chadwick A	173
Platt, Ryan F	18.25
Scholl, Emma R	161
Singh, Mohinder P	20
Danielle Steele	5
Foughty, Ryan	5
	<b>588.25</b>

b) Recovery Program Participant Comments

N/A

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23. Add any item, issue, or comment not covered in previous sections but deemed pertinent to monitoring program:

a) IM Response

N/A

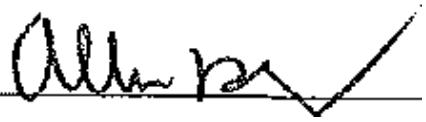
b) Recovery Program Participant Comments

N/A

Name of Integrity Monitor:  
Name of Report Preparer:

Deloitte & Touche, LLP  
Allan Brophy

Signature:  
Date:



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