

## Integrity Monitor Report Category 3

Integrity Monitor Firm Name: CohnReznick, LLP  
Quarter Ending: 03/31/2023  
Expected Engagement End Date: 09/30/2023

### A. General Info

1. Recovery Program Participant:

New Jersey Department of Education (NJDOE)

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

CRRSA Act

3. State Funding Source (if applicable):

N/A

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

09/30/2023

5. Accountability Officer:

Amanda Schultz

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

Federal Grant - Emergency Assistance to Nonpublic Schools (EANS 1)

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

On July 17, 2020, Governor Murphy signed Executive Order 166 (“EO 166”), which established the COVID-19 Compliance and Oversight Task Force (the “Taskforce”) and the Governor’s Disaster Recovery Office (GDRO). Pursuant to EO 166, the Taskforce has issued guidelines (“IOM Guidelines”), which have been updated as of June 2021, regarding the appointment and responsibilities of COVID-19 Integrity Oversight Monitors”). Integrity Monitors are intended to serve as an important part of the State’s accountability infrastructure while working with Using Agencies in developing measures to prevent, detect, and remediate inefficiency and malfeasance in the expenditure of COVID-19 Recovery Funds. IOM Guidelines further suggest, "Recovery Program Participants that have received or will administer \$20 million in COVID-19 Recovery Funds should retain at least one Integrity Monitor".

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On February 23, 2021, the NJDOE received an EANS formula grant of \$68,749,847 to provide awards to eligible nonpublic schools in the State. Under the laws governing the EANS program, New Jersey is not permitted to grant funds; instead, the NJDOE has partnered with vendors to provide services to eligible nonpublic schools.

The purpose of this Integrity Monitoring engagement is to work with the NJDOE's Accountability Officer; Program administrators - NJDOE, Office of Inter-district School Choice and Non-public Schools; and Service Providers:

- To conduct risk assessments of each EANS Providers' existing controls in place to prevent fraud, waste, or abuse in connection with the EANS Program,
- To review applicants' data for eligibility, payments made, and proper eligibility documentation,
- To test EANS providers expenditures for proper documentation, authorization, and approvals, and review procurements conducted by the service providers on behalf of the nonpublic schools to determine compliance with applicable procurement regulations and compliance with program requirements.

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

EANS 1 - \$68,749,847

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

\$42,179,016.80 (as of 3/27/23)

10. Amount Provided to Other State or Local Entities:

N/A

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

In progress

12. Completion Status of Integrity Monitor Engagement:

In progress

### **B. Monitoring Activities**

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

a) IM Response

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N/A

- 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

The following tasks were completed for the period 2/1/2023 through 03/31/2023:

- Conducted a kick-off meeting with NJDOE (including EANS program managers) - 2/7/2023.
- Performed a walkthrough with EANS program managers to obtain documentation and reconciliations clarification on 2/23/23.
- Conducted status calls on 2/9/2023, 2/23/23, 3/9/23, and 3/23/23.
- Discussed with PMs certain eligibility criteria for EANS applicants.
- Set up templates and sent e-mails to each EANS Provider requesting documents for risk assessment and scheduling walk-throughs.
- Followed up with unresponsive vendors regarding scheduling walkthroughs and document requests.
- Performed walkthroughs of existing processes and internal controls with EANS providers.
- Began risk assessments for 10 EANS Providers by reviewing responses and documentation provided.
- Selected the sample of non-public schools for monitoring and coordinated with NJDOE in finalizing the sampling for EANS 1.
- Tested the sample of applicants for eligibility.
- Developed and submitted Work Plan.
- Drafted 1Q23 quarterly report.
- Drafted the IM Monthly reports – February and March 2023.
- Corresponded with NJDOE clarifying items regarding the IM engagement and quarterly report.
- Submitted final 1Q23 report to Treasury.

- b) Recovery Program Participant Comments  
NJDOE agrees with the above.

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:

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a) IM Response

NJDOE provided Program specific guidance, the list of all NJ nonpublic schools (NPS) and their allocations, reconciliations, NJDOE initial risk assessment and other various program related documents such as enrollment reports and a download of applicants' data. IM reviewed all documents, chose the sample of NPS using the nationally recognized AICPA methodology and tested the sampled applicants for eligibility. The IM also requested various policies, procedures, organizational charts, Program's leads confirmation of experience, Internal Control Assessments, performance report(s), prior audit results from EANS providers, and performed walk-throughs. Based on the review of provided documents and walkthroughs of processes and internal controls, IM began assessing the risks for EANS vendors.

b) Recovery Program Participant Comments  
N/A

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.

a) IM Response

IM will request Expenditure report from NJDOE that shows vendor payment transactions with check/transfers numbers. The IM will review this report and the payments during the expenditure testing procedures. Additionally, IM will sample the actual payment made by vendors from their reimbursement requests and review for proper documentation and authorization during the testing phase.

b) Recovery Program Participant Comments  
N/A

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

a) IM Response

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The IM performed risk assessment procedures by conducting meetings with EANS providers to walk through their processes and internal controls and reviewing EANS providers' documentation related to their policies and procedures for internal controls and prevention and detection of waste, fraud, and abuse.

- b) Recovery Program Participant Comments  
N/A

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

- a) IM Response  
The IM did not note any integrity issues/findings.
- b) Recovery Program Participant Comments  
N/A

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

- a) IM Response  
N/A
- 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  
N/A
- b) Recovery Program Participant Comments  
N/A

### **C. Miscellaneous**

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

- a) IM Response

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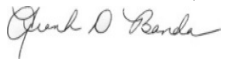
For the period February 1, 2023 (engagement start date), through March 31, 2023, the following individuals have expended a total of 386.6 hours.

**Name:**

- Ron Frazier – (9.0 hours)
- Rochell Cottingham – (5.5 hours)
- Anna Fomina – (112.5 hours)
- Viktoria Barrett – (147.5 hours)
- Andrew Barchenko – (19.7 hours)
- Grace Wandling (74.3 hours)
- Thomas Mammen (18.1 hours)

No billable expenses were incurred.

- b) Recovery Program Participant Comments  
N/A
23. Add any item, issue, or comment not covered in previous sections but deemed pertinent to monitoring program:
- a) IM Response  
Observation: IM noted that applicants/ nonpublic schools provided assurances for certain EANS eligibility criteria, however, NJDOE did not perform its own independent verification.  
Recommendation: Based on best practices, IM recommends strengthening controls for eligibility determinations and independently verifying the eligibility of applicants on at least a sample basis.
- b) Recovery Program Participant Comments  
DOE staff has compared the PPP database to those nonpublic schools who are receiving goods and services. In future programs where outside data is a factor in eligibility DOE will include an internal control to verify the data.

Name of Integrity Monitor: CohnReznick, LLP  
Name of Report Preparer: CohnReznick, LLP  
Signature:   
Date: 3/31/2023