

**Integrity Monitor Report
Category 3**

Integrity Monitor Firm Name: Vander Weele Group ^{LLC} / Joseph A. DeLuca Advisory
and Consulting Services LLC

Quarter Ending: 3/31/2024

Expected Engagement End Date: 12/31/2026

A. General Info

1. Recovery Program Participant:

New Jersey Board of Public Utilities

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

American Rescue Plan Act (ARPA)

3. State Funding Source (if applicable):

N/A

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

December 31, 2026

5. Accountability Officer:

Curtis Elvin

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

- School and Small Business Ventilation and Energy Efficiency Verification and Repair (“SSB-VEEVR”) Program
- School and Small Business Noncompliant Plumbing Fixture and Appliance (“SSB-NPFA”) Program

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

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The purpose is to review SSB-VEEVR and SSB-NPFA for compliance with *P.L. 2021, c. 200* and the CSFRF Interim and Final Rule, as applicable.

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

Approximately \$180 million has been earmarked for the two (2) programs and an additional \$4.5 million for administrative expenses.

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

\$49,595,163.78

10. Amount Provided to Other State or Local Entities:

N/A

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

Application review and subrecipient sampling

12. Completion Status of Integrity Monitor Engagement:

In process

B. Monitoring Activities

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

a) IM Response

N/A

b) Recovery Program Participant Comments

[N/A]

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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

- 1.) Held bi-weekly Teams meetings with BPU.
- 2.) In process of summarizing findings and preparing draft report of first round of testing results for the SSB-NPFA (plumbing) Program.
- 3.) Completed the HVAC risk assessment and determined the programs that will be tested in the first round.
- 4.) Based on risk analysis of HVAC programs, three outside parties were identified for due diligence (Feehan Industries, Vanguard Building Solutions LLC, Vinrealty LLC).
- 5.) Submitted comparative risk assessment methodology and sample test selections for the SSB-VEEVR (HVAC) Program to the BPU for review.
- 6.) Developed and proposed an Expenditure Projection Model that can be used by TRC for an analysis of the programs. The objectives of the model are:
 - A creditable estimation of the projected disbursements by month, over both the historical and remaining life of the program, that BPU (and its vendor TRC) could use to satisfy the financial projection entities of NJ state government.
 - A project management tool (built from existing data) that provides TRC with actionable information, on which they could improve their applicant assistance and due diligence responsibilities.
- 7.) Submitted the proposed Expenditure Projection Model to the BPU for its review.
- 8.) Drafted checklists to be used for first round of HVAC program testing and second round of plumbing program testing

b) Recovery Program Participant Comments

None

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

- 1.) Received milestone report from TRC on 1/5/2024, which we requested on 12/14/2023.
- 2.) Reviewed the report we received from TRC on 1/5/2024, which revealed that the report was more for programming and scheduling rather than paid projects. As a result, we requested that TRC provide us with an updated milestone paid project report.
- 3.) Received the requested paid project milestone report from TRC on 1/19/2024. We entered the data from this report into the HVAC program's risk assessment tool to select programs for testing.
- 4.) Sent second document requests to TRC for plumbing program testing.
- 5.) Received TRC responses to the second document requests for plumbing program on 1/26/2024.
- 6.) Emailed TRC on February 15th with questions regarding one of the plumbing programs selected and received responses the same day.
- 7.) Completed first round of plumbing testing based on data and responses received from TRC.
- 8.) Commenced draft report of first round of testing results for the SSB-NPFA (plumbing) Program.

b) Recovery Program Participant Comments

None

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

a) IM Response

Identified SSB-VEEVR (HVAC) program grantees for testing by using the comparative risk assessment tool. We are currently in the process of determining documentation needed from subrecipients to complete the testing.

Developed and proposed an Expenditure Projection Model that can be used by TRC for an analysis of the programs.

The objectives of the model are:

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A creditable estimation of the projected disbursements by month, over both the historical and remaining life and of the program, that BPU (and its vendor TRC) could use to satisfy the financial projection entities of NJ state government.

A project management tool (built from existing data) that provides TRC with actionable information, on which they could improve their applicant assistance and due diligence responsibilities.

b) Recovery Program Participant Comments

Staff is working with TRC to implement the Expenditure Projection Model.

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

a) IM Response

BPU provided the most recent expenditure and budgetary information on 3/7/2024 in the form of a Federal Aid master Budgetary and Expenditure document, which shows (as of 2/26/2024) a total expended amount of \$46,689,471.67. This documentation also provided the requested transfers between the Small Business HVAC and Plumbing allocations and the School Plumbing and HVAC allocations. A total of \$67,151,630.48 was requested to be transferred into the School Plumbing and HVAC programs.

b) Recovery Program Participant Comments

This budget transfer is in align with current law. The original budget allocations were created pursuant to P.L. 2021, c.200. However, subsequent State budgets authorized the BPU to reallocate funding between the budget categories.

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

a) IM Response

Conducted first round of testing for plumbing program and are currently in the process of summarizing findings and preparing the draft report. This

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testing included a detailed review of various construction documentation to determine if there were instances of fraud, waste, and abuse. Once the reviews are complete, we will provide the findings of these reviews on the full cumulative report document the findings on the next quarterly report.

b) Recovery Program Participant Comments

None

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

a) IM Response

We reviewed eighteen plumbing fund subrecipients in the first round of testing. There have been issues noted thus far but will be discussed with NJBPU to determine if documentation can be provided by TRC to remove these areas of concern. These issues will be noted on the next quarterly report following conversation with both NJBPU and TRC.

b) Recovery Program Participant Comments

Staff looks forward to working with the IM and TRC to address any existing or potential issues with the program.

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

a) IM Response

In evaluating the NPFA sample, an applicant was identified in our normal screening protocols – VIN Realty, represented by Vinay Kundur (project numbers 68296, 68295, 68287, 68286) who subsequently has been identified as a missing person under yet-unconfirmed circumstances in Aruba as of September 2023. No malfeasance has yet been established as it relates to the VEEVR/NPFA program but given the externality and the around \$600,000 in grants value associated with this entity, and BPU's expressed concern for our adequate due diligence, the associated applications are under further review for program compliance.

b) Recovery Program Participant Comments

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Staff appreciates the due diligence from the IM in identifying this situation. Staff will continue to engage with the IM on this issue, and will happy to comply with any findings or recommendations made by the IM.

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

a) IM Response

The IM has reviewed the first round of selected plumbing programs and is in the process of finalizing the full cumulative report with the findings of this review. During the review, it was noted that some detailed documentation needed for review is not housed within the CRM system, which caused delays in gathering the information from TRC - the third-party administrator for BPU.

To remediate waste, we also noted that the CRM system did not have the capability to provide an adequate projection report of current and future expenditures for each program. As such, the IM developed an Expenditure Projection Model and provided this to BPU for review. This Model aims to support the creation of a projection report to be used by TRC when providing an updated status to BPU. BPU will then be able to utilize this information to provide an accurate projection of current allocations, expenses, and future projections for the program.

b) Recovery Program Participant Comments

Staff will work with TRC to make improvements to their system wherever practical.

C. Miscellaneous

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

a) IM Response

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Maribeth Vander Weele - .7
Dr. Kristen Mokofisi – 56.55
Kathleen Budrean – 5.7
Sophia Staveris – 71.75
Rick Duran – 27.95
Bianca Joseph – 203.95
Cassy Good – 218.75
Kevin Mullins – 32.75
Salvatore Ubaldini – 85.25

b) Recovery Program Participant Comments

None

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:
and Consulting Services ^{LLC}

Vander Weele Group ^{LLC}/Joseph A. DeLuca Advisory

Name of Report Preparer:

Sophia Staveris

Signature:

Sophia Staveris

Date:

4/09/2024