

**Integrity Monitor Report**  
**Category 3**

Integrity Monitor Firm Name: CohnReznick, LLP  
Quarter Ending: 03/31/2025  
Engagement End Date: 03/31/2025

**A. General Info**

1. Recovery Program Participant:

New Jersey Department of Human Services (DHS), Division of Family Development (DFD)

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

U.S. Department of Treasury- Families First Coronavirus Response Act, Consolidated Appropriations Acts, ARPA

3. State Funding Source (if applicable):

N/A

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

12/31/2023

5. Accountability Officer:

Allan Brophy

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

Pandemic Electronic Benefits Transfer program (P-EBT).

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”). 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

**Integrity Monitor Report  
Category 3**

Participants that have received or will administer a total of \$20 million in COVID-19 Recovery Funds should retain at least one Integrity Monitor".

The Pandemic Electronic Benefits Transfer program was authorized in the Families First Coronavirus Response Act of 2020 as amended by the Consolidated Appropriations Act 2021, the American Rescue Plan Act of 2021, and the Consolidated Appropriations Act 2023 and provided the federal Secretary of Agriculture authority to approve state agency plans to administer P-EBT ("the Program"). In total, Federal funding received by New Jersey included \$1,497,223,833 in P-EBT benefits issued and \$24,684,241.60 in administrative costs to DHS and the New Jersey Department of Agriculture (NJDA). P-EBT Deadline Issuance Letter sent on May 26, 2023 instructs States to complete all benefit issuance no later than December 31, 2023. Per DFD, overall issuances to date amount to \$1,530,407,996.28.

The purpose of this Integrity Monitoring engagement is to work with DFD's Accountability Officer and other DFD staff to conduct a risk assessment of the Program. In addition, the Integrity Monitor shall monitor that the use of these funds is in compliance with Federal and State laws, Program guidelines, and regulations.

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

\$ 1,530,407,996.28

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

\$ 1,530,407,996.28

9. Amount Provided to Other State or Local Entities:

N/A

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

Post-payment

11. Completion Status of Integrity Monitor Engagement:

Completed – 3/31/2025

**Integrity Monitor Report  
Category 3**

**B. Monitoring Activities**

12. 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

13. 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 1/1/2025 through 3/31/2025:

- Submitted final Risk Assessment on 1/17/2025;
- Sent follow up emails for outstanding request documents on 1/15, 1/16, 1/21, 1/23, 1/29, 2/13, 2/18, 2/20, 2/27, 3/3, 3/4 3/6, 3/7, 3/10, and 3/14;
- Held status calls with DFD stakeholders on 1/15, 1/21, 2/4, 2/18, 3/4, and 3/20;
- Created and submitted draft Work Plan on 01/17/2025;
- Created and submitted draft Sampling Methodology on 01/17/2025;
- Submitted selected sample of 60 students for eligibility testing on 2/18;
- Submitted selected sample of 100 students for SNAP testing on 2/26;
- Requested and received documentation for P-EBT Eligibility Review test;
- Requested and received data related to SNAP testing;
- Corresponded and followed up with Program leads on outstanding documentation;
- Completed an analysis of program data, all school years (SY) 2019-2020 to SY 2022-2023 and all Summer Periods through 2023;
- Finalized Student eligibility review and compiled results of testing;
- Finalized conclusions around SNAP expenditure testing;

**Integrity Monitor Report  
Category 3**

- Finalized Data Analysis and Duplicate validation over the eligibility and SNAP data;
- Established necessary findings and recommendations;
- Finalized drafted Project Completion Report and Submitted Draft Project Completion Report 3/20;
- Received Management’s feedback on draft Project Completion Report on 3/25 and incorporated feedback into the final report;
- Finalized Project Completion Report and submitted 3/26;
- Drafted and submitted monthly reports for the months of January (2/7), February (3/7), and March (3/31); and
- Drafted and submitted Q12025 quarterly report.

b) Recovery Program Participant Comments

N/A

14. 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

The IM reviewed various documents, provided by the DFD, relevant to the P-EBT Program to include reports furnished by school districts and the P-EBT Program Eligibility and SNAP data for all SYs 2019-2020 to SY 2022-2023 and all Summer Periods through 2023 of the Program. However, fundamental issues with data collection and aggregation resulting from submission issues from the State’s 700+ School Food Authorities from the start of the program presented obstacles in the ability of the IM team to perform testing procedures of payment records over the SNAP data. Due to this, the IM team was unable to reconcile and validate sampled issued benefits based on discussions with DFD stakeholders and available program data.

b) Recovery Program Participant Comments

In the absence of a statewide database of students receiving free and reduced-price school meals, DFD was entirely reliant on data from the School Food Authorities and for that data to be submitted accurately according to the stipulations provided to them. As noted by the IM, DFD program staff were charged with navigating monumental challenges of data collection from more than 700 School Food Authorities unique to New Jersey’s structure who were not subject to any sort of data standardization prior to this. DFD often

**Integrity Monitor Report  
Category 3**

received generally bad data (e.g. an incomplete address, incorrect date of birth student nicknames rather than full name) and had to implement a process to reject issuance of benefits in such situations.

15. 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

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

a) IM Response

N/A

b) Recovery Program Participant Comments

N/A

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

a) IM Response

The IM performed a risk assessment of the program considering program policies and procedures, existence of program controls and processes, and through interviews with DFD stakeholders. Based on the performance of risk assessment procedures, the IM determined that overall program risk attributes were evaluated as Low Risk for fraud, waste, and/or abuse. However, the risk of noncompliance with program requirements was deemed High Risk, primarily due to DFD's role as a pass-through entity, and the resulting fundamental issues and challenges program staff faced with data collection and aggregation from the State's over 700 School Food Authorities at the start of the program.

After a final risk assessment was completed, IM developed a sampling methodology, testing procedures, and used data analytics tools to test the validity and accuracy of the program data. The IM completed an analysis of participant

**Integrity Monitor Report**  
**Category 3**

data across all SY 2019-2020 to SY 2022-2023 and all Summer Periods through 2023 of the Program to identify trends or instances of duplication, fraud, waste, or abuse. Further, the IM performed limited monitoring procedures over the P-EBT eligibility and SNAP data.

Regardless of the issues and challenges noted, the IM did not find evidence of fraud, waste, or abuse.

b) Recovery Program Participant Comments

N/A

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

a) IM Response

Based on data analytics, process reviews and integrity monitoring procedures performed, the IM did not find evidence of fraud, waste, or abuse. However, as a result of data analytics, sample testing procedures, reviews of controls, and the program as a whole, the IM noted two compliance observations and one overall recommendation. These findings are as follows:

1. **Observation #1:** Data Integrity Limitations

The IM team observed the systemic challenges DFD program staff faced in collecting and aggregating program data, particularly in the first year of the program's operation. Weaknesses in program data presented consistent challenges for both the IM's efforts during the engagement, and for the program staff tasked with administering P-EBT.

DFD, in its capacity as a pass-through entity in the administration of the program, received and relied upon data from School Food Authorities for beneficiary eligibility. This data was conveyed initially through digital correspondence (email), creating an obstacle for DFD program staff to ensure data integrity. Though data retention and acquisition practices improved year on year as DFD staff formalized processes to gather information from the schools/School Food Authorities, challenges remained in the aggregation of the data for use by the IM over the course of the monitoring engagement. Additionally, the IM team noted that there was no record of how the "report sent date" in the disbursement data (which forms the basis of our analysis)

## **Integrity Monitor Report Category 3**

aligned with the "issuance date" in the transaction-level of SNAP payment data. As a result, the IM team was not able to perform testing procedures for the sampled transactions due to this limitation.

***IM Recommendation:*** We recommend that DFD standardize program files in an auditable, easily accessible format (e.g., maintaining raw and post-processed files received from schools/School Food Authorities in accessible shared folders for ease of future reference in a redundant/backed-up environment). By implementing standardized, auditable program files, DFD can enhance data accuracy, reliability, and compliance with federal regulations, thereby reducing the risk of future noncompliance.

### **2. *Observation #2:* Weaknesses in Data Validation Processes**

IM noted potential additional duplicate beneficiaries in program data using validation criteria implemented by DFD. IM requested and received validation procedures used by DFD to identify potential duplicates in data provided by School Food Authorities prior to disbursement. Using these procedures IM identified an additional 58,171 potential duplicate records in the program data from what DFD had previously identified, resulting in approximately \$7,231,052.00 in potentially duplicative payments out of the total \$1,497,223,833.00 in issued benefits. However, due to limitations encountered during payment testing as described in Observation 1, the IM team was unable to confirm on a sample basis whether the identified additional duplicate records were true duplicates.

***IM Recommendation:*** We recommend that DFD established a data validation process to address entry errors and data inconsistencies in the NJ P-EBT program, there are areas that could be further strengthened for future programs:

1. Enforce specific formatting requirements at the portal level: mandate that all key data fields in the upload files adhere to predefined format prior to submission.
2. Provide frequent training and clear instructions: conduct training sessions and offer detailed user manuals to ensure school district/School Food Authority personnel fully understand the submission requirements and the importance of accurate data entry.

**Integrity Monitor Report  
Category 3**

3. Integrate other data sources for data validation: implement more robust processes to automatically cross-check uploaded records with both existing data and external data sources as an additional validation measure. For example, the United States Postal Service' address validation Application Programming Interface (API) can be utilized to ensure consistency in student address data.

3. **Recommendation:** Develop Processes/Policies for Exigent Benefits Programs

IM recommends DFD draft exigent/emergency procedures to provide a framework for roles and responsibilities, internal controls, segregation of duties, reporting metrics to help prevent fraud, waste, and abuse, methods for ingesting substantial data from schools/ School Food Authorities, and contingencies to inform duplication of benefits analyses. These procedures would be informed by lessons learned from DFD program staff's experience running P-EBT. Such a document would memorialize their experience for use in potential future events.

b) Recovery Program Participant Comments

1. **Observation #1:** Data Integrity Limitations

**Management's Response:** DFD appreciates the IM team's acknowledgment of DFD's role in the implementation of the P-EBT program as the issuer of benefits and not as an entity that determined eligibility. DFD also appreciates the recognition that data retention and acquisition practices improved year after year as DFD formalized a process to gather and process data. DFD agrees that the "report sent date" in the disbursement data was not easily able to be identified/aligned with the "issuance date", however, DFD does have the issuance schedules, processing spreadsheet, and both the data received from and sent to utilized vendors (acknowledging that may be dependent on the date sent as data retention improved throughout the life of the program). DFD agrees that standardizing program files will help with future audits.

2. **Observation #2:** Weaknesses in Data Validation Processes

**Management's Response:** DFD takes data integrity very seriously and implemented rules and policies to prevent duplicate benefits to the best of its ability. In the absence of a statewide database of students receiving free and reduced-price school meals, DFD was entirely reliant on data from the School Food Authorities (SFAs) and for that data to be submitted

## **Integrity Monitor Report**

### **Category 3**

accurately according to the stipulations provided to them. As noted by the IM, DFD program staff were charged with navigating monumental challenges of data collection from more than 700 SFAs unique to New Jersey's structure who were not subject to any sort of data standardization prior to this. DFD often received generally bad data (e.g. an incomplete address, incorrect date of birth student nicknames rather than full name) and had to implement a process to reject issuance of benefits in such situations.

However, other situations were not as obvious and required having to adjust validations multiple times throughout the life of the program. For example, initially the logic for identifying duplicate students may have looked at the date of birth and the first five letters of the first and last name, for example. However, DFD received feedback from SFAs and parents that eligible students were excluded. A common occurrence was families with multiples (e.g. twins, triplets) that shared the same DOB and had very similar names only varying by perhaps a middle name (which was not included in the data) or a letter beyond the logic's character limit. DFD had to weigh the risk/benefit of making further adjustments to the logic to balance preventing duplicate benefits while also preventing exclusion of benefits for eligible children. DFD also established a process by which SFAs could submit eligible students that would otherwise have been excluded by established validations (e.g. students in special services schools whose age was greater than the expected age range) or other verified outlier situations and ran special files for benefit issuance in these circumstances.

As noted by the IM team, only about \$7 million in potentially (not confirmed) duplicative payments out of the approximately \$1.5 billion in benefits issued were identified. This represents less than one percent (1%) of the total P-EBT benefit disbursements and is well within an audit's tolerable error rate. In response to the three specific recommended areas to strengthen:

1. The spreadsheet for file upload contained data validations and clearly identified in red to the user of fields that did not meet the data validations. Where able, prior to processing, DFD also sent follow up notification to the user advising that the file data did not meet the validations and would be rejected at processing if not corrected. After processing, the portal displayed to users if their file was rejected and DFD staff provided details for such rejection so SFAs could resubmit.
2. Multiple webinars were held with SFAs and materials provided after each webinar including the PowerPoint, Question and Answers, as well as Spreadsheet Preparation Instructions and Submission Portal Quick Reference Guides. Submission requirements and validation

## Integrity Monitor Report Category 3

logic was contained in these documents. DFD also established a dedicated email address for SFAs to submit questions and receive direct assistance from a dedicated P-EBT team at DFD.

3. DFD utilized USPS address validation rules to guide the logic utilized in the spreadsheet. It should be noted that a statewide database of students receiving free and reduced-price school meals does not currently exist, and therefore DFD was limited in the extent to which it could implement logic for student data received from the SFAs. If such a database were to be implemented, it would greatly improve the ability to validate data and perform cross-checks across programs where necessary. DFD asserts that its role was the issuer of benefits and not to determine eligibility or validate addresses maintained by the SFAs for its students. Also of note, an incorrect address did not necessarily prevent the processing of the record and a procedure was instituted to assist the SFA with getting the P-EBT card to the family.

4. **Recommendation:** Develop Processes/Policies for Exigent Benefits Programs

**Management's Response:** DFD agrees it is advantageous to review the process of the P-EBT program and provide lessons learned that can help inform future implementation procedures for emergency programs. DFD, however, must level-set that it cannot make generalizations from one program to broader emergency situations. For example, the Disaster Supplemental Nutrition Assistance Program (D-SNAP) is considered an emergency program and has its own annual state plan that DFD maintains and updates yearly. While some of that information can be generalized to other types of emergency situations, many aspects cannot (e.g. eligibility criteria, roles and responsibilities, reporting metrics, etc.). In addition, state agencies are subject to instruction from the overseeing federal agency which, in an emergency, may be significantly different from existing regulations and statutes (e.g. the issuance of executive orders, Acts, continuing resolutions).

DFD would recommend developing a brief that contains lessons learned and more generalized recommendations rather than a document outlining specific procedures for ingesting data from SFAs and developing contingencies for informing duplication of benefits analyses. DFD reminds the IM team that the P-EBT program was a joint undertaking between three state agencies (DHS, DOE, NJDA) and such responsibilities are better accounted for with the state agencies responsible for certain entities and programs.

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

- a) IM Response

**Integrity Monitor Report  
Category 3**

Nothing further than what was described above in #19.

b) Recovery Program Participant Comments

N/A

20. 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**

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

a) IM Response

For the period January 1, 2025 through March 31, 2025, the following individuals have expended a total of 2,025.4 hours:

**Name:**

- Ron Frazier (88.0 hrs)
- Anna Fomina (111.9 hrs)
- Grace Wandling (293.4 hrs)
- David Solomon (370.8 hrs)
- Shih-Hsien Yang (364.6 hrs)
- Katie Wilson (82.0 hrs)
- Brian Livian (278.1 hrs)
- Tzu Yu Wang (436.6 hrs)

No billable expenses were incurred.

b) Recovery Program Participant Comments

N/A

**Integrity Monitor Report  
Category 3**


22. 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:	CohnReznick, LLP
Name of Report Preparer:	CohnReznick, LLP
Signature:	
Date:	03/31/2025