



**New Jersey State Legislature  
Office of Legislative Services  
Office of the State Auditor**

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**Department of Community Affairs  
American Recovery and Reinvestment Act  
Weatherization Assistance Program  
Multi-Family Buildings**

April 1, 2009 to October 31, 2012

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**Stephen M. Eells  
State Auditor**

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New Jersey State Legislature

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Enclosed is our report on the audit of the **Department of Community Affairs, American Recovery and Reinvestment Act, Weatherization Assistance Program, Multi-Family Buildings** for the period of April 1, 2009 to October 31, 2012. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in blue ink, reading "Stephen M. Eells".

Stephen M. Eells  
State Auditor  
April 11, 2013

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## *Scope*

We have completed the fourth and final in a series of audits of the American Recovery and Reinvestment Act (ARRA) – Weatherization Assistance Program administered by the Department of Community Affairs (DCA). Our audit focused on the program costs associated with the weatherization of multi-family buildings incurred by local and community-based agencies and the New Jersey Housing and Mortgage Finance Agency (HMFA) for the period April 1, 2009 to October 31, 2012. The United States Department of Energy (USDOE) considers multi-family buildings to be those buildings containing five dwelling units or more. Total expenditures reported by the agencies were \$100.8 million as of October 31, 2012, of which HMFA expenditures were \$25.4 million. See Appendix A for detailed information regarding expenditure activity and completed housing units.

Our initial audit of this program focused on the eligibility process at local and community-based agencies. The second audit focused on the administrative costs and single-family program costs of the local and community-based agencies. The third audit focused on the grant to the New Jersey Community Action Association.

## *Background*

The ARRA Weatherization Assistance Program was proposed to run from April 1, 2009 to March 31, 2012, but in March 2012 the period of performance was extended by nine months to December 31, 2012. The Department of Community Affairs, Division of Housing and Community Resources oversees the program. Based on a federal formula, New Jersey received a total ARRA allocation of \$119 million for program distribution and administration from the USDOE. As of October 31, 2012, the DCA had completed 21,348 units, of which 15,054 were multi-family units.

The DCA provides grants to local and community-based agencies or other public or non-profit entities (hereinafter referred to as weatherization agencies) to administer the program at the local level. The weatherization agencies are responsible for determining applicant eligibility, weatherizing homes, and conducting home assessments and inspections. The purpose of the Weatherization Assistance Program is to increase the energy efficiency of dwellings owned or occupied by low-income persons. Typical weatherization services include installing insulation, sealing ducts, and mitigating heat loss through windows, doors, and other infiltration points. The weatherization agencies input the information from applications into the Hancock Energy Software Weatherization Assistance Program (HESWAP) system, which determines program eligibility and tracks the actual weatherization of residences. The DCA monitors the weatherization agencies' compliance with applicable program regulations and guidelines. The state plan submitted by the DCA established an initial goal of 13,381 weatherization units. The DCA provided grants to 25 weatherization agencies, 23 of which weatherized multi-family units.

On October 30, 2009, a memorandum of understanding (MOU) was executed between the DCA and the HMFA, which is in, but not of, DCA. The purpose of the MOU was to provide a \$30 million grant to the HMFA to create their Multifamily Weatherization Assistance Program to make energy-efficiency improvements to HMFA-financed properties. The HMFA was responsible for establishing and administering its multi-family weatherization assistance program in accordance with the MOU, all federal statutes and regulations, and applicable DCA weatherization bulletins. The DCA estimated that 3,877 multi-family rental units would receive weatherization upgrades through the HMFA under this program. As of October 31, 2012, the HMFA had completed 5,296 multi-family rental units.

### ***Objectives***

The objective of our audit was to determine whether adequate controls were in place at the DCA to determine the propriety of program costs of the weatherization agencies and the HMFA with regard to multi-family buildings.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

### ***Methodology***

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

In preparation for our testing, we studied the ARRA Weatherization Assistance Program guidelines, policies of the DCA, weatherization bulletins, and the memorandum of understanding with the HMFA. We also interviewed DCA personnel and personnel from the weatherization agencies and the HMFA to obtain an understanding of the program cost processes associated with the weatherization of multi-family buildings. In addition, we contacted the USDOE state representative for an understanding of the program in specific areas.

A nonstatistical sampling approach was used. We tested HMFA and a geographical sample of weatherization agencies to ensure overall state coverage. We also utilized HESWAP system downloads to analyze information and determine the specific multi-family buildings to be reviewed.

### ***Conclusions***

We found adequate controls were in place at the DCA to determine the propriety of program costs for the weatherization agencies and the HMFA with regard to multi-family buildings. In making this determination, we noted certain internal control weaknesses and compliance issues meriting management's attention.

## **HESWAP System**

**The DCA should improve controls over HESWAP system data input and utilize the system to monitor program costs.**

The DCA needs to strengthen the controls over the data input into the Hancock Energy Software Weatherization Assistance Program (HESWAP) system and utilize the system as an effective monitoring tool.

### **Controls**

Controls over the input of information into the HESWAP system are inadequate. The weatherization assistance program has not established a policy regarding required information to be entered into the system. As a result, there are blank fields and inconsistent entries in the system. For example, inspection date information and landlord contributions are not recorded in the system and client names are entered as apartment numbers. In addition, project information is not locked on the HESWAP system when completed. We found additional items were installed after projects were finalized by DCA monitors and had been recorded on the HESWAP system. We also found changes were made regarding items installed and the cost of those items. DCA personnel confirmed there is no means for tracking changes made to projects on the system. These weaknesses decrease the reliability of the system data.

### **Monitoring**

A DCA vendor contract regarding the HESWAP system included an agreement to receive a monthly secure data extract in a mutually agreed upon format. Although monthly extracts have been received, they have not been provided in a format that the DCA can use. Analyzing these extracts would provide valuable information regarding product utilization and project costs, as well as comparative costs. Such analysis could point out questionable costs and patterns. We obtained several data extracts directly from the vendor and were able to analyze the data. We noted the following questionable expenditures.

- The HMFA was reimbursed for measures which were obvious inaccurate postings in the HESWAP system including: \$16,066 for the installation of 30 windows in one apartment; \$2,220 for 12 light bulbs costing \$185 each, when the actual cost was \$1.85; and \$1,500 for labor costs to install a \$3.30 faucet aerator, when the actual labor cost was \$15.
- The USDOE established specific guidelines for the installation of health and safety measures. At the time of our testing, there were \$1.9 million in health and safety measures, of which \$116,000 had no description as to what was installed. This lack of description should have caused program monitors to request additional information so that they could determine compliance with the guidelines.

## **Recommendation**

The DCA should establish controls over the input and changing of data in the HESWAP system to ensure the reliability and accuracy of the information. Once these controls have been established, the DCA should utilize the system data extract as a management tool for the oversight and monitoring of costs.



## **Landlord Contributions**

### **Contributions should be collected when required.**

The DCA did not enforce regulations regarding landlord contributions, resulting in uncollected funds of \$1.6 million. Landlords are required to contribute varying percentages of the cost of improvements to their properties. Our testing disclosed the following issues.

- The required landlord contribution of 50 percent for heating system upgrades was not provided for all 30 projects on the HESWAP system as of March 2012. The total amount that should have been provided was \$1.4 million. DCA Weatherization Bulletin 305a, regarding landlord contribution waivers, allows landlords to request waivers from the required contribution level. However, the ARRA Weatherization State Plan, which was approved by the USDOE, states the landlord contribution for heaters is mandatory.
- DCA Weatherization Bulletin 305a requires a 25 percent landlord contribution for shell weatherization projects, which are projects related to such items as walls, floors, windows, doors, ceilings, and foundations, unless a waiver is granted by the weatherization agency. We found the required landlord contribution was not provided for 106 of 117 shell weatherization projects tested and no waivers were on file. We also found that at least \$200,000 should have been contributed for the 30 projects completed as of March 2012; no evidence of waivers or in-kind contributions was provided by the DCA.
- There was no supporting documentation in the DCA's files for all 26 waivers granted.

## **Recommendation**

The DCA should ensure weatherization agencies collect the required landlord contributions. In addition, we recommend supporting documentation be maintained for waivers granted.



## **New Jersey Housing and Mortgage Finance Agency - Expenditures**

### **HMFA expenditures should be reviewed more thoroughly.**

The DCA did not review HMFA projects adequately to ensure weatherization funds were spent effectively and in compliance with agency policies. The DCA policy, *Maximizing the Benefits of Grant Funds*, states grant agreement budgets should promote maximum accomplishment at minimum reasonable cost.

We tested five HMFA projects and found two had items approved by the DCA that should not have been reimbursed. Parking lot lighting and non-minor rooftop repairs totaling \$145,475 were not eligible for the program. After we brought these items to their attention, the DCA recovered the parking lot lighting cost of \$135,600.

In addition, DCA management did not review any change orders prepared for the sampled HMFA projects. The change orders we reviewed contained mathematical inaccuracies, unallowable additions to the scope of work, and profit margins ranging from 0 to 21 percent which varied from project to project and change order to change order within the same project. We also found the change orders were not always documented nor was a final determination noted within the HMFA project files.

Furthermore, energy audits for HMFA projects were significantly more costly than those of the weatherization agencies. The cost of the energy audits in our sample ranged from \$32,600 to \$269,133 per project, or \$463 to \$1358 per unit. We surveyed weatherization agencies and found they paid \$200 for each multi-family building energy audit regardless of the number of units in the building. Although the energy audits performed by HMFA were more comprehensive, the weatherization agencies' energy audits were in compliance with federal regulations and resulted in similar measures installed.

### **Recommendation**

Future projects performed by HMFA through the DCA should be subject to stricter fiscal monitoring.



## **Federal Reporting**

**The department should report completed units accurately in accordance with federal regulations.**

The DCA reported units to the United States Department of Energy (USDOE) as completed before the federal reporting regulations had been met. In addition, the DCA paid for additional



work on units that had already been reported as completed without properly removing these units from the USDOE reporting system. As a result, the state of New Jersey misreported its production levels throughout the course of the ARRA weatherization assistance program and did not follow federal funding procedures.

Federal regulations (Title 10, Part 440.16) state that no dwelling unit may be reported to the USDOE as completed until all weatherization materials have been installed and the subgrantee or its authorized representative has performed a final inspection and certified that the work has been completed in a workmanlike manner. The DCA had not reported its completed units accurately during the grant period. The Hancock Energy Software Weatherization Assistance Program (HESWAP) system records the units that have been inspected by the subgrantee. Our tests of 12 quarterly reports submitted to the USDOE revealed 10 reports were not supported by actual units in the HESWAP system; the differences ranged from underreporting 669 units to overreporting 1884 units in the individual quarterly reports. Although the overreporting by the DCA did not result in excess or accelerated funding, it did make New Jersey's efforts appear more successful than they actually were. For example, the USDOE performed a comparison of production levels of all the ARRA grantees in March 2012. It showed that New Jersey had completed 14,457 units through January 2012 compared to its total production plan of 13,441, resulting in a completion percentage of 108 percent. However, the actual number of units completed was 10,853, an 81 percent completion rate.

When the auditors brought this issue to their attention, the DCA established a procedure for reconciling completed unit amounts per the federal reports to the HESWAP system before submitting the reports to the USDOE. The DCA also corrected and resubmitted all prior reports.

Weatherization Program Notice 11-03 issued by the USDOE states that grantees and subgrantees may not charge the weatherization assistance program for additional work on units that have already been reported to the USDOE as completed. The only method to allow additional weatherization work is to have these previously completed units taken out of the USDOE reporting system and the associated costs subtracted from the USDOE funds category. In addition, the USDOE must be notified in writing when units are to be backed out of the system. The notice states that this process should be utilized on a limited case-by-case basis. If these procedures are not followed, the additional work may not be reimbursed by ARRA weatherization funds. As noted in our HESWAP System finding, it is possible for project date information to be changed. Our comparison of complete dates and install dates as of October 2012 on the HESWAP system revealed that additional work was performed on 86 units already included on federal reports. However, the DCA did not remove any of these units from the reporting system, nor did it notify the USDOE of this work.

## **Recommendation**

The DCA should continue utilizing their new reconciliation procedures when preparing federal reports. If additional work is performed on completed units, the DCA should comply with the requirements of Weatherization Program Notice 11-03.



DEPARTMENT OF COMMUNITY AFFAIRS  
AMERICAN RECOVERY AND REINVESTMENT ACT  
WEATHERIZATION ASSISTANCE PROGRAM  
MULTI-FAMILY BUILDINGS

Appendix A

Weatherization Assistance Program Activity  
April 1, 2009 to October 31, 2012

<b>Agency Name</b>	<b>Units Completed per HESWAP</b>	<b>Multifamily units completed per HESWAP</b>	<b>Total Expended per SAGE</b>
Bayonne Economic Opportunity Foundation	362	271	\$ 1,814,751.58
Bergen County Community Action Partnership, Inc.	1,026	342	7,082,922.39
Burlington County Community Action Program	421	214	2,532,279.15
Camden County Council on Economic Opportunity	1,099	857	4,968,936.28
Cape Human Resources, Inc.	260	246	1,072,851.48
Check-Mate, Inc.	1,023	519	4,841,084.59
Conservation Services Group	16	0	77,660.97
First Hopewell Multi-Purpose Community Center	461	83	2,285,227.81
Isles, Inc.	248	200	1,219,117.69
La Casa de Don Pedro, Inc.	973	676	3,571,781.88
Mercer County	6	0	535,355.02
Morris County Organization for Hispanic Affairs	426	184	2,392,492.37
* Native American Advancement Corp.	821	510	3,317,957.94
New Jersey Housing and Mortgage Finance Agency	5,296	5,296	25,447,029.33
NORWESCAP	666	445	3,440,417.22
Ocean Community Economic Action Now, Inc.	2,687	1,594	9,884,782.24
Passaic County	192	4	994,500.00
Paterson Task Force for Community Action, Inc.	965	905	3,775,917.81
PROCEED, Inc.	1,189	763	6,734,901.26
Puerto Rican Action Board, Inc.	949	315	4,026,546.57
Puertorriquenos Asociados for Community Organization	232	113	1,449,340.80
Somerset Community Action Program, Inc.	169	27	1,040,665.72
Spanish American Social Cultural Assn of NJ	91	50	500,841.94
Tri-County Community Action Agency, Inc. (Gateway Community Action Partnership)	1,443	1,268	6,410,466.22
United Passaic Organization, Inc.	327	172	1,430,363.19
<b>TOTAL</b>	<b>21,348</b>	<b>15,054</b>	<b>\$100,848,191.45</b>

\* Nanticoke Lenape Tribal Enterprises included in unit totals

HESWAP - Hancock Energy Software Weatherization Assistance Program system  
SAGE - System for Administering Grants Electronically



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**CHRIS CHRISTIE**  
*Governor*

**KIM GUADAGNO**  
*Lt. Governor*

**RICHARD E. CONSTABLE, III**  
*Commissioner*

April 8, 2013

John J. Termyna  
New Jersey State Legislature  
Office of Legislative Services  
Office of the State Auditor  
125 South Warren Street  
Post Office Box 067  
Trenton, New Jersey 08625-0067

Dear Mr. Termyna,

Please accept this letter in response to the Office of the State Auditor's (OSA) March 14, 2013 audit report concerning the New Jersey Department of Community Affairs' (DCA) Weatherization Assistance Program (Program). We appreciate the opportunity to respond to the fourth and final audit report concerning the Program.

DCA is pleased with the audit's conclusion that OSA found adequate controls were in place at DCA to determine the propriety of program costs for the weatherization agencies and the New Jersey Housing and Mortgage Finance Authority (HMFA) with regard to multi-family buildings.

DCA also significantly exceeded the programmatic goals that were set for the Program. Specifically, DCA's initial goal was to weatherize 13,381 homes with the \$119 million that was allocated to the Program by the American Recovery and Reinvestment Act. Instead, as of the Program's December 31, 2012 end date, DCA weatherized 22,419 homes with the \$119 million allocation thereby concluding the Program with a 167 percent completion rate.

Please find below a response to the three recommendations in the report.

**HESWAP System**

**OSA Recommendation 1:** DCA should establish controls over the input and changing of data in the HESWAP system to ensure the reliability and accuracy of the information. Once these controls have been established, the DCA should utilize the system data extract as a management tool for the oversight and monitoring of costs.



DCA Response: HESWAP is an information technology system that is used to monitor and track Program information, including sub-recipients' program expenditures. When using any information technology system, functional limitations exist beyond the control of the Program staff. Therefore, HESWAP is used as only one of many layers of internal controls that program staff utilizes to monitor and control both fiscal and programmatic information. As you are well aware, a sound system of internal control is one that is designed to provide reasonable, not absolute, assurance regarding the achievement of program objectives. Therefore, DCA's system of internal control has always included the following additional controls concerning the monitoring of fiscal and program objectives.

DCA's weatherization program monitors, who have over 100 years of weatherization experience collectively, are tasked with determining the veracity of the actual costs being claimed by the weatherization agencies on a sample basis. To mitigate the risks associated with potentially reimbursing a weatherization agency for unreasonable or unsubstantiated costs, program monitors primarily focus on weatherization items with significant costs. As a result of such reviews by the program monitors, DCA can cite numerous examples of costs that have been identified as being unreasonable or unsubstantiated and thereby disallowed before the sub-grantee submits a payment voucher to DCA. In fact, the weatherization program manager and the weatherization program monitors are in continuous discussions concerning the validity of certain expense items that are questioned during the program monitors' reviews and inspections.

Moreover, DCA employs the independent accounting firm of Withum, Smith and Brown (WSB) to review both fiscal and programmatic areas of all DCA weatherization agencies annually. Such monitoring reviews are conducted using a risk-based approach. If any unreasonable or unsubstantiated costs are identified during the monitoring reviews, DCA resolves such issues appropriately and expeditiously.

Lastly, depending on the amount of federal grant funds awarded, all DCA weatherization agencies are subject to A-133 annual audit requirements. Accordingly, DCA thoroughly reviews all annual audits submitted by its sub-recipient agencies and resolves any noted control deficiencies and/or questioned costs appropriately and expeditiously.

Consequently, DCA's system of internal control is designed to ensure reasonable assurance of proper payments to sub-recipient agencies which is consistent with your audit report's conclusions.

Specifically, the audit reports that HMFA was reimbursed for several weatherization measures that were inaccurate postings in the HESWAP system. Although the primary focus of DCA's system of internal control is to identify and prevent erroneous payments before disbursing funds, the additional layers of controls that are utilized in DCA's system of internal control would have identified such expenditures as erroneous and unallowable. In any event, DCA disallowed the \$16,066 for the installation of 30 windows in one apartment as an erroneous charge. (See Exhibit 1 attached). DCA is in the process of reviewing the other questionable HMFA expenditures described in your report to determine the veracity of such expenditures and, where appropriate, such expenditures will be disallowed.



In addition, on page 3 of the audit report concerning the installation of health and safety measures, you indicate that \$116,000 out of \$1.9 million had no description as to what was installed. Please be advised that the Program's monitors reviewed the specific items totaling \$116,000 and determined that such items were all valid Program expenditures. Nevertheless, DCA has now modified HESWAP's Health and Safety module to allow sub-recipient agencies the ability to only select predefined measures in such fields thereby necessitating that every Health and Safety weatherization measure will contain a proper description.

### **Landlord Contributions**

**OSA Recommendation 2:** The DCA should ensure weatherization agencies collect the landlord contributions. In addition, we recommend supporting documentation be maintained for waivers granted.

**DCA Response:** Pursuant to federal regulations, a State may require financial participation, where feasible, from owners of multi-family buildings. See 10 CFR 440.22(d). DCA's State Plan and DCA Weatherization Policy Bulletin 305(a) both dictate that agencies will have the flexibility to reduce or eliminate landlord contributions for shell weatherization and that a 50 percent landlord contribution is required for heating system upgrades in multi-family dwellings. Please be advised that your report is erroneous in its assertion that DCA did not enforce regulations regarding landlord contributions. Specifically, your report indicates that the 50 percent landlord contribution for heating systems was not provided for all 30 projects on the HESWAP system and that HMFA should have collected \$1.4 million. In addition, your report asserts that HMFA should have collected landlord contributions totaling \$200,000 related to shell work. DCA previously provided your office with documentation revealing that for the 30 projects OSA reviewed, landlord contributions in excess of \$860,000 were collected through HMFA.

See  
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Followup  
Response  
Page 20

In some instances, DCA did not collect the full amount of the landlord contribution for heating systems as some of the properties being weatherized were public housing authorities (PHA). PHA are public entities created by municipal and county governments and are primarily supported by taxpayer funds. As such, the DCA has determined not to charge a landlord contribution against governmental entities. In the case of landlord contributions for shell work, DCA's State Plan and DCA policy allow sub-recipient agencies the discretion of waiving the landlord contribution without express approval from DCA.

Further, please be advised that DCA did provide your office with documentation in the form of an email for all 26 waivers granted. (See Exhibit 2 attached). Nonetheless, DCA will ensure that more detailed waiver documentation is present in the project files prospectively.

### **HMFA – Expenditures**

**OSA Recommendation 3:** Future projects performed by HMFA through the DCA should be subject to stricter fiscal monitoring.

DCA Response: HMFA is subject to the monitoring requirements enumerated under DCA's response to OSA Recommendation 1. Moreover, please note that HMFA successfully weatherized 5,296 homes thereby significantly exceeding the number of homes that DCA had initially planned for HMFA to complete.

The audit report states that out of the five projects OSA tested two projects had items approved by DCA that should not have been reimbursed – parking lot lighting totaling \$135,600 and non-minor rooftop repairs totaling \$9,875. As previously noted, while the focus of DCA's system of internal control is to identify and prevent erroneous payments before disbursing funds, DCA's system of internal control would have identified such expenditures as erroneous and unallowable. Nevertheless, DCA did disallow the \$135,600 for parking lot lighting and has recovered the funds. (See Exhibit 3 attached). In addition, DCA's most experienced weatherization staff have reviewed what the audit characterized as "non-minor rooftop repairs" and concluded that such work was allowable under federal regulations.

With respect to the questioned costs of the energy audits for HMFA projects in relation to other DCA sub-recipient agencies, it is difficult to make a cost comparison based primarily on cost per unit. As stated in the audit report, HMFA's energy audits were more comprehensive in scope than those conducted by any other DCA sub-recipient agency. Further, HMFA's weatherization program utilized contractors to perform the weatherization audits, whereas most of the other DCA agencies utilized in-house staff to conduct energy audits. HMFA's portfolio of projects included more complex buildings as HMFA was tasked with weatherizing only multi-family buildings. For example, one of HMFA's projects was a 14-story building with hundreds of units in need of weatherization services and multiple heating systems. To ensure cost reasonableness, HMFA's selection of energy auditors was subject to an exhaustive, competitive bid process that was conducted in accordance with state and federal regulations.

### **Federal Reporting**

OSA Recommendation: The DCA should continue utilizing their new reconciliation procedures when preparing federal reports. If additional work is performed on completed units, the DCA should comply with requirements of the Weatherization Program Notice 11-03.

DCA Response: In the audit report, it is noted that DCA misreported its production levels throughout the course of the Program. Accordingly, in some reports DCA under-reported its production totals while over-reporting its production totals in other reports. However, the audit report also states the following, "although the over-reporting by the DCA did not result in excess or accelerated funding, it did make New Jersey's efforts appear more successful than they actually were." Under the same framework, logic dictates that when DCA under-reported its production totals, such under-reporting made New Jersey's efforts appear less successful than they actually were.

Nevertheless, with DCA ending the Program by weatherizing 22,419 homes, the only logical conclusion to draw is that this Program was a huge success. In addition to providing critical

energy saving services to the most vulnerable populations of the State, the Program also provided employment to hundreds, if not thousands, of people.

As described above and as the audit report concludes, DCA has been diligent in discharging its responsibilities to implement a system of internal control that provides reasonable assurances that the Program is fulfilling its statutory purpose. We appreciate the spirit in which the recommendations are presented and are steadfast in our commitment to continually improve Program operations. If you have any questions concerning the above, please do not hesitate to contact my office at (609) 292-6420.

Sincerely,

A handwritten signature in dark ink, appearing to be 'R. Constable', with a stylized flourish at the end.

Richard E. Constable, III  
Commissioner



Exhibit 1

## Invoice Report

Agency: New Jersey Housing and Mortgage  
Finance Agency

Invoice  
Number: 05939

Address: 637 South Clinton Ave. PO Box 18550-  
2085

Invoice  
Date: 09/26/2012

Trenton08650

Comment: Chestnut Park Units

Contact: John Murray

Phone: 609-278-7518

Fax: 609-278-1754

*Amended invoice - \$ 16,066.70  
Less*

### Job Summary

Reportable Jobs	58
Rework jobs	0
Common Area Jobs	0
Jobs	58

### Budget Type Summary

Labor Costs	\$137,357.25
Health & Safety and Labor	\$10,700.00
Weatherization Materials	\$90,092.23
Install Cost(sub total)	\$238,149.48
Total Invoice	<b>\$238,149.48</b>

### Funding Source Summary

ARRA / EE-00178	\$238,149.48
Health & Safety and Labor	\$10,700.00
Weatherization Materials and Labor	\$227,449.48
Total Invoice	<b>\$238,149.48</b>

### Project Summary

Eligible Units	56
Ineligible Units	4
ARRA	\$238,149.48
Common area costs	\$0.00

Exhibit 1

NJ DCA SAGE		Grant #: 2009-05229-1850-13 Grantee: New Jersey Housing Mortgage Finance Agency Status: Grant Amendment Executed Access Level: Grant Manager	
Start Menu	Admin	RFP Menu	Grant Menu
User: Luis Alicea		Help	Notes
Logout			
<a href="#">Back to Grant Menu</a>		<b>FINANCIAL STATUS REPORT/PAYMENT REQUEST</b>	
		FSR #: 28	
<input checked="" type="checkbox"/> Expense Summary <input type="checkbox"/> Expense Detail <input type="checkbox"/> Report Approval <input type="checkbox"/> Expense Status History			
Expenses incurred during the current report period			
Budget Column	Description	Amount	
<b>Program Component: DOE Weatherization: ARRA Multifamily Weatherization</b>			
<b>Budget Category: PROGRAM - Development - Weatherization - Contract Labor</b>			
Item: HESWAP Program Support Budget			
<input type="radio"/> Requested Funds	Chestnut Park indirect costs	\$16,066.70	
<input type="radio"/> Requested Funds	Trent Center - indirect costs	\$385.00	
<input type="radio"/> Requested Funds	Colt Arms - indirect costs	\$372,644.90	
<input type="radio"/> Requested Funds	Colt Arms units - labor	\$262,552.72	
<input type="radio"/> Requested Funds	Adjustment to invoice #7155 - labor	-\$116,900.00	
<input type="radio"/> Requested Funds	Colt Arms common area - labor	\$6,681.00	
<input type="radio"/> Requested Funds	Adjustment to invoice #5939 - labor	-\$9,598.00	
<b>Budget Category: PROGRAM - Development - Weatherization - Material</b>			
Item: HESWAP Weatherization Materials			
<input type="radio"/> Requested Funds	Colt Arms common area - materials	\$7,700.00	
<input type="radio"/> Requested Funds	Adjustment to invoice #7155 - material	-\$18,700.00	
<input type="radio"/> Requested Funds	Adjustment to invoice #5939 - material	-\$6,468.70	
<input type="radio"/> Requested Funds	Colt Arms units - materials	\$499,264.38	
<b>TOTAL:</b>		<b>\$1,013,628.00</b>	

16,066.70 recovered

## Exhibit 2

### **Armand, Angie**

---

**From:** Fenerty, Thomas  
**Sent:** Thursday, March 29, 2012 8:29 AM  
**To:** Schardine, Mark  
**Cc:** Armand, Angie; Vida, Gregory  
**Subject:** FW: Waivers

List of waivers for HmFA

**From:** Fenerty, Thomas  
**Sent:** Wednesday, October 05, 2011 9:53 AM  
**To:** Fenerty, Thomas  
**Subject:** FW: Waivers

*Thomas M Fenerty*

Operations Manager  
Weatherization Assistance Program  
Division of Housing & Community Resources  
Department of Community Affairs  
101 South Broad Street  
P.O. Box 806  
Trenton, New Jersey 08625-0806  
(609) 633-6314  
FAX: (609) 292-9798  
[tfenerty@dca.state.nj.us](mailto:tfenerty@dca.state.nj.us)

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**From:** Fenerty, Thomas  
**Sent:** Wednesday, October 05, 2011 8:54 AM  
**To:** Stridick, Paul ([PStridick@DCA.state.nj.us](mailto:PStridick@DCA.state.nj.us))  
**Cc:** Wright, Robert N. ([RWright@dca.state.nj.us](mailto:RWright@dca.state.nj.us)); Armand, Angie; Heinz, Deborah  
**Subject:** Waivers

Paul, listed are the HMFA projects that we have approved a waiver for. These approvals could be for sole bidder, expenditure over \$6,500, or landlord contribution. The LLC waivers were approved based on what amount was requested. This waiver may not have covered the total LLC that is required by our wx bulletins.

Northgate	Pilgrim I	Pilgrim II
CHARC	NIA	Rowan
Pinewood	NC Douglas	Wayne
Mclver	Reservoir	Baltic
Shalom	NY Ave	Eggerts Crossing
Zion	AC Townhouses	Trent
Murray Bisgaier	Roselle	Colt Arms
Kingsbury	Felicity	Bayshore

Exhibit 2

INCCA	Peter Cooper	Park Place
Pending		
Mid City I	Mid City II	Camden Townhouses

*Thomas M Fenerty*

Operations Manager  
Weatherization Assistance Program  
Division of Housing & Community Resources  
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Exhibit 3

## Invoice Report

Agency: New Jersey Housing and Mortgage  
Finance Agency

Invoice  
Number: 07155

Address: 637 South Clinton Ave. PO Box 18550-  
2085

Invoice  
Date: 07/09/2012

Trenton 08650

Comment: Pinewood exterior lights

Contact: John Murray

Phone: 609-278-7518

Fax: 609-278-1754

### Job Summary

Reportable Jobs	0
Rework jobs	0
Common Area Jobs	0
Jobs	0

### Budget Type Summary

Labor Costs	
Install Cost(sub total)	\$0.00
Program Support	\$0.00
Total Invoice	\$0.00

### Funding Source Summary

ARRA / EE-00178	\$0.00
Program Support	\$0.00
Weatherization Materials and Labor	\$0.00

Total Invoice \$0.00


### Project Summary

Eligible Units	0
Ineligible Units	0
Common area costs	

*Amended Invoice*



Exhibit 3



Grant #: 2009-05229-1850-13  
 Grantee: New Jersey Housing Mortgage Finance Agency  
 Status: Grant Amendment Executed  
 Access Level: Grant Manager

[Start Menu](#) | [Admin](#) | [RFP Menu](#) | [Grant Menu](#)

User: Luis Alicea | [Help](#) | [Notes](#) | [Logout](#)

[Back to Grant Menu](#)      **FINANCIAL STATUS REPORT/PAYMENT REQUEST**      FSR #: 28

☒ Expense Summary

☒ Expense Detail

☐ Report Approval

☐ Expense Status History

Expenses incurred during the current report period

Budget Column	Description	Amount
<b>Program Component: DOE Weatherization: ARRA Multifamily Weatherization</b>		
<b>Budget Category: PROGRAM - Development - Weatherization - Contract Labor</b>		
Item: HESWAP Program Support Budget		
<input type="radio"/> Requested Funds	Chestnut Park indirect costs	\$16,066.70
<input type="radio"/> Requested Funds	Trent Center - indirect costs	\$385.00
<input type="radio"/> Requested Funds	Colt Arms - indirect costs	\$372,644.90
<input type="radio"/> Requested Funds	Colt Arms units - labor	\$262,552.72
<input type="radio"/> Requested Funds	Adjustment to invoice #7155 - labor	-\$116,900.00
<input type="radio"/> Requested Funds	Colt Arms common area - labor	\$6,681.00
<input type="radio"/> Requested Funds	Adjustment to invoice #5939 - labor	-\$9,598.00
<b>Budget Category: PROGRAM - Development - Weatherization - Material</b>		
Item: HESWAP Weatherization Materials		
<input type="radio"/> Requested Funds	Colt Arms common area - materials	\$7,700.00
<input type="radio"/> Requested Funds	Adjustment to invoice #7155 - material	-\$18,700.00
<input type="radio"/> Requested Funds	Adjustment to invoice #5939 - material	-\$6,468.70
<input type="radio"/> Requested Funds	Colt Arms units - materials	\$499,264.38
<b>TOTAL:</b>		<b>\$1,013,628.00</b>

*Handwritten:* -135,600.00

*Handwritten:* -116,900.00

*Handwritten:* -18,700.00

### **Auditor's Followup Response**

The DCA response regarding Landlord Contributions contains several inaccuracies. It states that our report indicates that “HMFA (*underline added*) should have collected \$1.4 million” for heating systems and that “HMFA (*underline added*) should have collected landlord contributions totaling \$200,000 related to shell work”. In fact, our report states that the above amounts should have been provided by the landlords and that the DCA should ensure the weatherization agencies collect the required landlord contributions; HMFA is never mentioned in the finding.

The response also claims that DCA previously provided our office with documentation “revealing that for the 30 projects OSA reviewed, landlord contributions in excess of \$860,000 were collected through HMFA”. We did receive a schedule from DCA after our audit work had been completed which listed 30 HMFA projects and landlord contributions in excess of \$860,000. However, only four of these projects corresponded to the 30 projects referred to in our report, and only one of these projects was for a heating system upgrade. The landlord contribution for this project was \$65,000, which was less than the required 50 percent. The necessary adjustment for this project has been reflected in our report as published.