

**Integrity Monitor Report  
Category 3**

Integrity Monitor Firm Name: Vander Weele Group<sup>LLC</sup>/Joseph A. DeLuca Advisory and Consulting Services<sup>LLC</sup>  
Quarter Ending: 03/31/2025  
Expected Engagement End Date: 12/31/2026

**A. General Info**

1. Recovery Program Participant:

New Jersey Board of Public Utilities (NJBPU)

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:

1.) School and Small Business Ventilation and Energy Efficiency Verification and Repair (SSB-VEEVR) Program

2.) School and Small Business Noncompliant Plumbing Fixture and Appliance (SSB-NPFA) Program

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

The purpose of this engagement is to review the SSB-VEEVR and SSB-NPFA programs for compliance with *P.L. 2021, c. 200* and the Coronavirus State Fiscal Recovery Fund (CSFRF) Interim and Final Rule, as applicable.

**Integrity Monitor Report  
Category 3**

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

The NJBPU earmarked approximately \$180 million for the two programs, with an additional \$4.5 million earmarked for administrative expenses.

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

\$116,440,984.83

10. Amount Provided to Other State or Local Entities:

N/A

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

Subrecipient sampling and application review

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

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

## Integrity Monitor Report Category 3

- 1.) Held biweekly Microsoft Teams meetings with the NJBPU.
- 2.) Finalized and submitted the fourth quarterly report for 2024.
- 3.) Completed a comparative risk assessment and methodology report to select the round two HVAC programs for review.
- 4.) Requested documentation for the programs selected for HVAC round two from TRC, the New Jersey Clean Energy Program (NJCEP) administrator, on 01/23/2025.
- 5.) Received the initial documentation requested from TRC for round two HVAC testing.
- 6.) Completed the testing for plumbing round two and began drafting the report summarizing the findings. This report will include a review of the invoice process. Due to areas of concern from the round one reviews of the plumbing and HVAC programs, the Vander Weele Group decided to do a more in-depth review of the invoice process for selected programs in round two of the plumbing and HVAC programs.
- 7.) Interviewed Dipali Patel, NJBPU administrative analyst 3, on 01/07/2025, to discuss the invoice payment process.
- 8.) Interviewed Valerie Woods, NJBPU budget analyst, on 01/08/2025, to discuss the invoice payment process.
- 9.) Interviewed Curtis Elvin, NJBPU chief financial officer (CFO) and accountability officer, on 01/15/2025, to discuss the invoice process.
- 10.) Requested the invoices the NJBPU received from TRC for November and December 2024.
- 11.) Attended a Microsoft Teams meeting on 02/18/2025 with TRC as it performed walkthroughs of its processes for payments to programs and for billing the NJBPU.
- 12.) Received the invoice documentation requested from the NJBPU.
- 13.) Requested and received from TRC their process for billing the NJBPU and the invoices and support they sent to the NJBPU for November and December 2024.
- 14.) Reviewed the documentation received from the NJBPU and TRC to evaluate the invoice payment process.
- 15.) Began testing for HVAC round two.
  
- 16.) Reviewed the procurement process as it relates to NJBPU HVAC and plumbing program expenses. These two programs incur costs which TRC then bills the NJBPU for under the following two categories:
  - Monthly recurring administrative fees or
  - Per-unit costs or milestone payments, tied to the progress of each unique program application.

## **Integrity Monitor Report Category 3**

Categorical invoices are currently under review for both plumbing and HVAC round two.

TRC bills the NJBPU its monthly recurring administrative fee. Program application milestone payments, however, are billed to the NJBPU bimonthly (i.e., twice per month).

We raised a concern during this review process: TRC appears to be billing the NJBPU for the "ready for invoice" review milestone, however, this responsibility is already covered under their monthly recurring fees.

To determine if this is of greater concern, we are advising that the NJBPU request that TRC provide a breakdown of services/responsibilities tied to the ready-for-invoice review milestone that is separate from their monthly recurring administrative fee services/responsibilities.

We are currently summarizing our review of TRC's processes for paying programs and billing the NJBPU as well as the NJBPU's payment of TRC's invoices. We will include the results of this review in the plumbing round two report, currently being drafted.

### b) Recovery Program Participant Comments

Staff continues to support the IM in its efforts and will contact TRC about the stated billing concerns.

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

1. Requested documents from TRC for the second round of HVAC testing for the programs selected for review, which TRC promptly provided.
2. As of February 2025, the NJBPU and integrity monitor (Vander Weele Group) requested and had not yet received from TRC, the Operational-Procedures Manual (page 9, Section 5: Reporting, item 2) defined Alternate Budget Report, for the SSB-VEEVR program where "expenses.... are counted based on milestones... and provides a more "real-time" view of incentives and program expenses invoiced." As of quarter two of 2024, we provided a proof-of-concept prototype of this

**Integrity Monitor Report  
Category 3**

expenditure projection model to support the adequate management and projection of total expenditures, individually listed by project. As of 03/12/2025, TRC provided an expenditure projection model for the SSB-VEEVR programs to project the total expenditures through the program period of performance. We are currently reviewing for adequacy.

b) Recovery Program Participant Comments

Staff continues to work with both TRC and the IM to ensure that any documentation requested by the IM is delivered in a timely fashion.

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

a) IM Response

- a) Began conducting round two of HVAC testing.
- b) Interviewed the NJBPU's CFO, administrative analyst 3, and budget analyst to discuss their roles in the invoice process.
- c) Attended a Microsoft Teams meeting on 02/18/2025 with TRC as it performed walkthroughs of its processes for paying programs and billing the NJBPU.
- d) Reviewed the procurement process as it relates to NJBPU HVAC and Plumbing program expenses. These two programs incur expenses which TRC bills the NJBPU under the following two categories:
  - Monthly administrative fees.
  - Per unit costs, or milestone payments, tied to the progress of each unique program application.

TRC is allowed to bill the NJBPU a monthly recurring fee tied to the administration of the HVAC and Plumbing programs as per negotiated contract terms. These fees are known as program monthly fees and include all costs associated with the use of TRC's program managers,

**Integrity Monitor Report  
Category 3**

technical reviewers, and programmatic systems known as CRM and IMS.

Per unit costs, otherwise known as milestone payments, are billed on a program application basis when one of the following conditions is met:

1. Initial application approval;
2. Final inspection (not applicable to all program applications; only those sampled for inspection); or,
3. Ready for invoice review (final milestone).

The program application can only collect each once, except for the final inspection, which can be completed (and pay fees for) up to a maximum of two times, if the need arises. Not all program applications undergo a final inspection. TRC has discretion about which program applications receive a final inspection. There is a minimum threshold of 15% of program applications that must receive one, per contract.

TRC bills the NJBPU its monthly recurring administrative fee. TRC bills the NJBPU for the program application milestone payments, twice per month.

This procurement process is guided with the use of a monthly reconciliation report, which, as TRC described the process to us, has sufficient supporting documentation known as invoice details tied to each program application. Once the NJBPU reviews and approves this report it pays TRC and TRC promptly issues paper checks to program applicants, typically within one business day.

TRC classifies payments made to program applicants as customer rebates. We are currently reviewing invoices as it relates to various payments to ensure the proper processes are followed.

b) Recovery Program Participant Comments

None.

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

**Integrity Monitor Report  
Category 3**

a) IM Response

We requested TRC's invoices to the NJBPU for the period of November 2024 to January 2025 as part of our review of TRC's billing process. Our review consisted of how the invoiced figures were derived as well as TRC's process for payments to program applicants.

b) Recovery Program Participant Comments

None

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

a) IM Response

1. Submitted the final SSB-VEEVR round one monitoring report to the NJBPU on 03/03/2025, which includes TRC's responses.
2. Reviewed TRC's invoicing process and the NJBPU's process for paying TRC's invoices.
3. Began conducting HVAC round two testing.

b) Recovery Program Participant Comments

Staff reviewed the final SSB-VEEVR report and awaits the finding of the HVAC round two testing.

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

a) IM Response

- 1.) Completed round one of HVAC testing. The findings on our report to the NJBPU on 03/03/2025 are as follows:
  - a. Management of unused funds from completed projects needs improvement. We reviewed 27 projects totaling \$25,618,624.25. Six of the projects were completed and had \$615,543.00 in total unused funds.
  - b. The program administrator does not have a formal tracking system with a policy and procedure for projects to maintain accuracy across both the Core Information Management System (CoreIMS) and Customer Relationship Management (CRM) systems. During the initial review of the SSB-NPFA program, the IM noted there might be a one-day delay between information transmitted between the CoreIMS and CRM systems. During this SSB-VEEVR review, the monitors identified

## Integrity Monitor Report Category 3

- inconsistencies between the CoreIMS and CRM systems for one applicant
- c. A lapse in extension approvals emerged after the application's expiration date and subsequent expired extensions. The program administrator failed to notify the project's contacts of the lapse.
  - d. The program administrator did not initially have a formal tracking system with a policy and procedure in place to track projects that are expiring or need an extension. However, the program administrator has updated its policy to ensure representatives of projects are contacted 30 days prior to expiration. However, there is no formal tracking system to document current and projected expenditures. A discussion with the program administrator revealed that the CORE Information Management Systems (COREIMS and CRM) are utilized to track the progress. At times, expiration and extension dates are not accurately reflected across both systems. This issue may equate to a lapse in extension requests, and project contacts are only informed after the project's expiration.
  - e. Minority and Women-Owned Business Enterprise (MWBE) certifications expired during the duration of three projects reviewed. The program's policies do not address expirations of MWBE certifications for ongoing projects.
  - f. TRC could not provide itemized amounts on eight out of the 27 projects that supplied invoices for material or labor to substantiate the totals claimed under the grant. The total cost for the eight projects came to \$2,086,668.00.
  - g. We observed that 79 out of 197 projects are in underserved communities, while 118 out of 197 are in other communities. According to the NJBPU website and the program guide, 75 percent of projects funded by the SSB-VEEVR program should be earmarked for school districts and small businesses in underserved communities. The remaining 25 percent should be allocated to other communities' school districts and small businesses. TRC noted that allocations were adjusted per the NJBPU recategorization to ensure proper allocation and utilization of all funds.
  - h. As of quarter two of 2024, we provided a proof-of-concept prototype of an expenditure projection model to support the adequate management and projection of total expenditures, individually listed by project. As of 03/12/2025, TRC provided an expenditure projection model for the SSB-VEEVR program to project the total expenditures throughout the remainder of the period of performance. During our review of the provided expenditure projection model, we noted that it does not include the total amounts allocated, expended, and remaining for each project. Additionally, we noted that 58 projects have not had an updated milestone completion date since 2024. We will follow up with TRC for additional clarification on status.

**Integrity Monitor Report  
Category 3**

2. Additionally, see note under inquiry 16D above regarding the procurement and invoicing process.

b) Recovery Program Participant Comments

- 1a.) With regard to this point, unused project funds from projects that finished under budget were returned to the general pool and used to approve additional projects on a first-come, first-serve basis.
- 1b.) Staff continues to work with the vendor on issues pertaining to the CoreIMS program.
- 1c.) Staff continues to work with TRC on this matter.
  
- 1d.) Staff continues to work with TRC regarding lapsed projects. Projects are initially approved for one year, and then the program administrator may grant two (2) separate six (6) month extensions. Any extension beyond that requires the approval of Staff. Given post-COVID supply chain delays, many of the HVAC projects have taken an extended amount of time to complete. Accordingly, Staff has worked with TRC on several dozen additional extension requests.
- 1e.) Staff is working with TRC to address this issue.
- 1f.) Staff continues to work with TRC on this matter.
- 1g.) As discussed, while the original law called for 75% of funding to be used in underserved communities, subsequent budget language modified the program to instead approved applicants on a first-come, first-serve basis.
- 1h.) Staff continues to work with TRC on this issue.

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:

**Integrity Monitor Report  
Category 3**

a) IM Response

We have developed an expenditure projection model and provided it to TRC. TRC has implemented a model that is currently under our review, which it provided to us on 03/12/2025. During our review of the provided expenditure projection model, we noted that it does not include the total amounts allocated, expended, and remaining for each project. Additionally, we noted that 58 projects have not had an updated milestone completion date since 2024. We will follow up with TRC for additional clarification on status.

b) Recovery Program Participant Comments

Staff continues to work with TRC and the IM to address this issue.

**C. Miscellaneous**

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

a) IM Response

Dr. Kristen Mokofisi – 41.00  
Kathleen Budrean – 5.05  
Sophia Staveris – 139.00  
Rick Duran – 22.75  
Bianca Joseph – 128.20  
Kevin Mullins – 48.75  
Salvatore Ubaldini – 45.00  
Katherine Larson – 76.80

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

**Integrity Monitor Report  
Category 3**

N/A

Name of Integrity Monitor: Vander Weele Group<sup>LLC</sup>/Joseph A. DeLuca Advisory and  
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Name of Report Preparer: Sophia Staveris  
Signature: *Sophia Staveris*  
Date: 04/11/2025