



BROWN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

**Brown & Company CPAs and
Management Consultants, PLLC**

Firm Name:

Engagement:

For Quarter Ending:

EQ2014-009-P1-HMFA

06/30/2015

Reports required under A-60 will be submitted by Integrity Monitors on the first business day of each calendar quarter to the State Treasurer and will contain detailed information on the projects/contracts/programs funded by the Disaster Relief Appropriations Act.

No.	Recipient Data Elements	Response	Comments
A.	General Info		
1.	Recipient of funding	NJ Housing Mortgage and Finance Agency (NJHMFA)	
2.	Federal Funding Agency? (e.g. HUD, FEMA)	HUD	
3.	State Funding (if applicable)	Not applicable	
4.	Award Type	HUD Community Development Block Grant (CDGB) - Disaster Recovery	
5.	Award Amount	\$ 104,533,799	
6.	Contract/Program Person/Title	John Murray - Director, NJHMFA Division of Credit & Business Development	

No.	Recipient Data Elements	Response	Comments
7.	Brief Description, Purpose and Rationale of Project/Program	The Department of Treasury (Treasury), on behalf of the New Jersey Housing and Mortgage Finance Agency (NJHMFA) engaged Brown & Company CPAs and Management Consultants, PLLC (Brown & Company) pursuant to the “Prequalification Pools: Auditing and Other Related Services in Support of Disaster Recovery” contract (T2939) from prequalified contractors. The State retained the services of Brown & Company to provide a Program and Process Management Auditor to NJHMFA to audit the Fund for Restoration of Multi-Family Rental Housing (FRM) and associated contracts and the Sandy Special Needs Housing Fund (SSNHF) programs, for the purpose of minimizing risk and preventing or rectifying duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance and mismanagement of funds. The NJHMFA FRM program assists in the creation of rental projects in the nine most impacted New Jersey counties and provides the funding for forgivable subordinated mortgages. Those counties have been identified as Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union. The program awards subsidies in the form of loans to both not-for-profit and for-profit developers; owners capable of managing large multifamily housing developments; and low- and moderate-income households. As of this report, NJHMFA has approved 16 loan contracts (Attachment A), each valued at \$5 million or more.	
8.	Contract/Program Location	Various counties in New Jersey	
9.	Amount Expended to Date	\$62,793,765	
10.	Amount Provided to other State or Local Entities	Not applicable	
11.	Completion Status of Contract or Program	60% of funds have been expended	
12.	Expected Contract End Date/Time Period	Funds should be expended by October 31, 2016.	

No.	Recipient Data Elements	Response	Comments
B.	Monitoring Activities		
13.	If FEMA funded, brief description of the status of the project worksheet and its support.	Not applicable	
14.	Quarterly Activities/Project Description (include number of visits to meet with recipient and sub recipient, including who you met with, and any site visits warranted to where work was completed)	No site visits were conducted during this reporting period; information was provided by email. Brown & Company contacted Ms. Teresa M. White and requested the status of the following loans: 1. Booker T. Washington Apts. 2. Heritage Village at Oakhurst 3. Keyport Leisure Bay Apts. Files were developed based upon the most recent Board Resolution and Agency Request for Action files. We requested financial information for the following contracts: 1. The Meadows (Atlantic City Hope VI) 2. Meadow Lark Run (Rio Grande) 3. Catherine Todd Senior Living Center 4. The Residences at Willow Pond Village (Delaney Homes) 5. Green Heron Pointe (Railroad Avenue) 6. Booker T. Washington Apts. 7. Heritage Village at Oakhurst 8. Keyport Legion Apts. The updated FRM-PHA report as of June 30, 2015 shows that two contracts—Booker T. Washington Apts. and Keyport Legion Apts.—have not yet closed, and 14 contracts have closed and drawn funds (see Attachment B).	
15.	Brief Description to confirm appropriate data/information has been provided by recipient and what activities have been taken to	Brown & Company's integrity oversight monitoring activity for the second quarter (April 1, 2015 – June 30, 2015) focused on Tasks C, D, and Task E.	

No.	Recipient Data Elements	Response	Comments
	review in relation to the project/contract/program.	We requested supporting documentation for the following contracts: 1. The Meadows (Atlantic City Hope VI) 2. Catherine Todd Senior Living Center 3. Green Heron Pointe (Railroad Avenue) 4. Meadow Lark Run(Rio Grande) 5. The Residences at Willow Pond Village (Delaney Homes) 6. Heritage Village at Oakhurst Ms. Victoria Taylor, Assistant Director of Financial Operations, provided the following CDBG payment documentation: • Invoices, including evidence of approvals • Wire letters with the required signatures • NJHMFA's MISTA accounting system and Excel Payment Summary Reports Brown & Company reviewed and verified CDBG payments. There were no exceptions noted during the review. As of June 30, 2015, the FRM-PHA report shows 14 of 16 contracts closed and drawn funds, and 2 contracts—Booker T. Washington Apts. and Keyport Legion Apts.—not yet closed.	
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	Under Task D, Integrity Oversight Monitoring, Brown & Company tracked, tested, and reviewed contractor invoices submitted to NJHMFA. We reviewed updated schedules that reported activity. Brown & Company met with staff and discussed procedures and controls for the contracts that had drawdowns. The discussion focused on overall management procedures and processes; conformance to timeliness of FRM funds distribution; administrative and financial management requirements; written agreements with recipients; and progress and expenditure of FRM funds.	
17.	Have payment requisitions in connection with the contract/program been reviewed?	Payment requisitions were reviewed. Brown & Company tracked, tested and reviewed contractor invoices submitted to NJHMFA for contracts that had drawn funds.	

No.	Recipient Data Elements	Response	Comments
	Please describe		
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	The first essential step in preventing and detecting waste, fraud, and abuse in government programs is to review and evaluate the comprehensiveness and effectiveness of existing policies, procedures, and controls in place to manage and mitigate the risks inherent in government loan programs. Brown & Company's monitoring activities this quarter focused on contract review and evaluation. We continued integrity monitoring and testing on contracts that closed and had funds expended. We tracked, tested, and reviewed contractor invoices submitted to NJHMFA.	
19.	Provide details of any integrity issues/findings	For the quarter April 1, 2015 – June 30, 2015, there were no findings.	
20.	Provide details of any work quality or safety/environmental/historical preservation issue(s).	None	
21.	Provide details on any other items of note that have occurred in the past quarter	None	
22.	Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters	Not applicable	
C. Miscellaneous			
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	See Attachment B	

No.	Recipient Data Elements	Response	Comments
24	Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program.	None	

Name of Integrity Monitor: Brown & Company CPAs and Management Consultants, PLLC

Name of Report Preparer: Gail Jenifer, CPA

Signature: 

Date: October 1, 2015

ATTACHMENT A – APPROVED LOAN CONTRACTS VALUED AT \$5MILLION OR MORE

The 16 loan contracts listed in the table below make up Brown & Company’s Task C Scope of Work.

	Contract	Loan #	Intended Use of Funds	Amount	Amount Expended to Date	Date of Award
1	Heritage Village at Oakhurst	HMFA #2874	New	\$ 11,020,000	\$ 597,465	10/3/2013
2	Franklin Manor	HMFA #2885	New	10,118,157	3,463,092	12/3/2013
3	Willows at Waretown	HMFA #2599	New	9,097,970	5,224,834	10/3/2013
4	Booker T. Washington Apts.	HMFA #2927	Rehab	8,253,624	0	1/27/2014
5	The Beachview Residence	HMFA #2683	Rehab	5,642,518	4,141,012	11/14/2013
6	Heritage Village at Bloomfield	HMFA #2844	New	5,310,554	5,310,554	1/27/2014
7	Conifer Village at Rittenberg / Rittenberg Manor	HMFA #2704	New	5,412,163	5,412,163	1/27/2014
8	Carolina Crescent & Connecticut Crescent	HMFA #2859	New	5,145,721	5,145,721	1/27/2014
9	Green Heron Pointe (Railroad Avenue)	HMFA #2508	New	5,102,748	5,102,748	1/27/2014
10	Meadow Lark Run (Rio Grande)	HMFA #2837	New	5,086,261	5,086,261	1/27/2014
11	Egg Harbor Hotel Conversion	HMFA #2861	Rehab	5,549,899	5,549,899	5/25/2013
12	Westmont Station	HMFA #2869	New	5,477,486	5,477,486	5/15/2013
13	Catherine Todd Senior Living Center	HMFA #2553	Rehab	5,692,775	5,692,775	5/15/2013
14	The Residences at Willow Pond Village (Delaney Homes)	HMFA #2878	New	5,840,000	2,123,576	5/15/2013
15	The Meadows (Atlantic City HOPE VI)	HMFA #2772	New	5,783,923	4,466,179	8/29/2013
16	Keyport Legion Apts.	Unknown	Unknown	6,000,000	0	Unknown
Total				\$ 104,533,799	\$ 62,793,765	

ATTACHMENT B – Level of Effort and Expenses

Hours Incurred For Quarterly Activities

Member	9.0
Manager	1.0
Supervisor	34.5
Seniors (3)	<u>33.0</u>
Total Hours	<u>77.5</u>

Expenses Incurred For Quarterly Activities

Travel	\$ 0
Other Direct Costs	\$ 0