

## Integrity Monitor Report Category 3

Integrity Monitor Firm Name: CohnReznick, LLP  
Quarter Ending: 09/30/2024  
Expected Engagement End Date: 09/30/2024

### A. General Info

1. Recovery Program Participant:

New Jersey Department of Education (NJDOE)

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

ARP Act

3. State Funding Source (if applicable):

N/A

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

09/30/2024

5. Accountability Officer:

Amanda Schultz

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

Federal Grant - Emergency Assistance to Nonpublic Schools (EANS 2)

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

To fulfill its obligations under Executive Order (E.O.) 166 regarding the appointment of independent Integrity Oversight Monitors (“Integrity Monitors” or “IOM”) for any New Jersey State Agency receiving \$20 million or more in COVID 19 Recovery funds and per the OIM guidelines, NJDOE engaged CohnReznick LLP (CR or IM) to perform the Integrity Monitoring services for EANS program. Under the American Rescue Plan Act (ARPA), the NJDOE received an EANS formula grant of \$70,947,730 on January 3, 2022, to provide awards to eligible nonpublic schools in the State. Under the laws governing the EANS Program, New Jersey is not permitted to grant funds; instead, the NJDOE has partnered with vendors to provide services to eligible nonpublic schools.

The purpose of this Integrity Monitoring engagement is to work with the NJDOE’s Accountability Officer, Program administrators - NJDOE, Office of Inter-district School Choice and Non-public Schools, and Service Providers:

**Integrity Monitor Report  
Category 3**

- To conduct risk assessments of each EANS Provider's existing controls in place to prevent fraud, waste, and abuse in connection with the EANS Program,
- To review applicant data for eligibility, executed payments, and proper eligibility documentation,
- To test EANS Provider expenditures for proper documentation, authorization, and approvals, and to review procurements conducted by the service providers on behalf of the nonpublic schools to determine compliance with applicable procurement regulations and compliance with program requirements.

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

EANS 2 - \$70,947,730

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

\$41,756,550.94

10. Amount Provided to Other State or Local Entities:

N/A

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

Complete

12. Completion Status of Integrity Monitor Engagement:

Complete

**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

**Integrity Monitor Report  
Category 3**

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

The following tasks were completed for the period 07/01/2024 through 09/30/2024:

- Conducted bi-weekly status calls on 07/11/2024, 07/25/2024, 08/08/2024, 08/22/2024, 09/05/2024, and 09/19/2024;
- Performed EANS vendor expenditure testing;
- Corresponded and followed up with vendors regarding outstanding document requests and clarifying open items;
- Reviewed and cataloged received documentation as well as information submitted in the Electronic Web-enable Grant (EWEG) System;
- Reviewed NJDOE's amended ARP contracts with vendors;
- Documented testing results and summarized observations;
- Conducted internal quality review of testing results;
- Drafted ARP EANS Program Completion report;
- Drafted 3Q23 Treasury quarterly report;
- Drafted the IM Monthly reports – July, August, and September 2023;
- Corresponded with NJDOE to clarify items regarding the IM Final Program and quarterly reports;
- Finalized 2Q24 Treasury report and drafted and submitted 3Q24 Treasury report.

b) Recovery Program Participant Comments

NJDOE agrees with the above.

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

The IM requested and reviewed vendor documentation supporting their drawdowns to verify the following:

- costs paid with ARP EANS funds are eligible, allowable under the program guidelines, and incurred during the covered period;

## Integrity Monitor Report Category 3

- the actual expenditures are consistent with approved spending as outlined in vendor contracts;
- vendors are retaining appropriate documentation that supports reimbursement requests submitted to the NJDOE (proper payroll and timekeeping reports, purchase orders, invoices, etc.);
- purchases are properly authorized and are in compliance with applicable procurement regulations and Program requirements; and,
- costs were not reimbursed from other funding sources or previous allocations.

In the previous reporting periods, the IM walked through the processes and internal controls and assessed the risks for all approved vendors as well as verified that non-public schools meet the state's low-income threshold to be eligible for ARP EANS by reviewing the free or reduced-price meals (FRM) data, as reported in FY 2020 nonpublic enrollment report.

b) Recovery Program Participant Comments

N/A

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

a) IM Response

To ensure procurement compliance, the IM reviewed:

- the EANS providers' contracts with NJDOE to confirm the types of services, fees, the approved list of schools and allocated amounts for each provider;
- the EANS providers' expenditures to test for proper documentation, authorization, and approvals;
- cost/bid analysis and awards through the public cooperative pricing website for the selected vendors.

b) Recovery Program Participant Comments

N/A

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

a) IM Response

The IM requested and received the COVID relief payments report from NJDOE that was generated from the NJ Treasury Comprehensive Financial System

**Integrity Monitor Report  
Category 3**

(NJCFSS) showing payments to vendors with dates and check/transfer numbers. From this report, the IM selected payment transactions to perform the EANS provider expenditure testing. CR then agreed the selected payments with the reimbursement requests/drawdowns in EWEG for each vendor and requested vendors to provide the supporting documentation for their drawdowns, including proof of their payments for incurred costs.

b) Recovery Program Participant Comments

N/A

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

a) IM Response

In the previous period, the IM performed risk assessment procedures by reviewing EANS provider processes and documentation related to their policies and procedures for internal controls and prevention and detection of waste, fraud, and abuse.

In the current period, the IM tested costs that were requested for reimbursement by examining EANS vendor supporting documentation and verifying whether the expenditures were for allowable uses, were properly authorized, and were consistent with approved spendings per vendor contracts with the State. In addition, the IM performed procedures to ensure that vendors adhered to purchasing guidelines, maintained segregation of duties, and retained appropriate documentation as per federal and state regulations to support reimbursement requests submitted under ARP EANS.

b) Recovery Program Participant Comments

N/A

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

a) IM Response

The IM did not note any integrity issues/findings.

b) Recovery Program Participant Comments

N/A

## Integrity Monitor Report Category 3

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

a) IM Response

As a result of risk assessments of EANS vendors, review of their internal controls and processes, and expenditure testing, the IM noted the following:

**1) Policy Issues:** Five (5) vendors did not provide fraud prevention policies, including requirements for organization-wide fraud training and confidential services for employees to report suspicious activities anonymously; four (4) vendors did not have written duplication of benefit (DOB) prevention policies and procedures; four (4) vendors provided outdated or did not provide their Internal Controls, Code of Ethics, Conflict of Interest and or Grant Management Policies.

**Recommendation:** The IM recommends general “best practices” for vendors to update and revise their policies to include procedures to guard against DOB, to update fraud policies to add the requirement for fraud training district-wide and establish a hotline or other services to report suspicious activities anonymously. Additionally, the IM recommends that vendor assess their policies annually and update them as necessary to ensure they reflect required and current processes.

**2) Internal Control Issue:** One (1) vendor had fiscal and operating weaknesses reported in the NJ State Comptroller audit report.

**Recommendation:** The vendor should take appropriate actions to remediate findings and improve its current processes.

**3) Findings related to costs:** The IM identified a total of \$119,970 in questioned costs for four (4) vendors, of which \$6,549 was for services where the hourly rates were not billed as specified in the contract; \$1,689 was for a duplicative invoice; \$2,363 was a duplicate billing for professional services; \$2,909 was for costs not approved in the contract; and \$106,460 was for costs where the vendor sought reimbursement from NJDOE for more service hours than it paid for during the same period. Also identified were \$1,372,097 of unsupported actual payments where payments for professional services could not be verified due to insufficient payroll payment records. Additionally, \$24,055 were for missing support.

**Recommendation:** The IM recommends two (2) vendors for a detailed billing review.

b) Recovery Program Participant Comments

**Integrity Monitor Report  
Category 3**

NJDOE will be working with the Comptroller's office to follow up with these vendors.

21. 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**

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

a) IM Response

For the period July 1, 2024, through September 30, 2024, the following individuals have expended a total of 211.1 hours:

**Name:**

- Ron Frazier – (17.5 hours)
- Rochell Cottingham – (37.8 hours)
- Anna Fomina – (32.8 hours)
- Grace Wandling (123.0 hours)

No billable expenses were incurred.

b) Recovery Program Participant Comments

N/A

23. Add any item, issue, or comment not covered in previous sections but deemed pertinent to monitoring program:

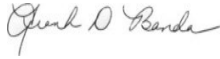
a) IM Response

N/A

**Integrity Monitor Report  
Category 3**

b) Recovery Program Participant Comments

N/A

Name of Integrity Monitor: CohnReznick, LLP  
Name of Report Preparer: CohnReznick, LLP  
Signature:   
Date: 09/30/2024