

**Integrity Monitor Report
Category 3**

Integrity Monitor Firm Name: Vander Weele Group("VWG")
Quarter Ending: 06/30/2022
Expected Engagement End Date: 07/31/2022

A. General Info

1. Recovery Program Participant:

New Jersey Redevelopment Authority ("NJRA")

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

Coronavirus Relief Funds ("CRF") under Coronavirus Aid, Relief, and Economic Security ("CARES") Act

3. State Funding Source (if applicable):

N/A

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

Per the Third Amendment of the Memorandum of Understanding ("MOU") between the Treasurer of the State of New Jersey ("Treasurer") and NJRA, as well as CARES Act guidelines, all CRF monies are to be expended by December 31, 2021.

5. Accountability Officer:

Darryl Godfrey

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

Small Business Lease Emergency Assistance Grant ("SBLEAG")

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

Pursuant to E.O. 166, the Governor's COVID-19 Compliance and Oversight Taskforce ("Taskforce") has issued guidelines, which have been updated as of June 2021, regarding the appointment and responsibilities of COVID-19 Oversight Integrity Monitors ("Integrity Monitors") to help prevent, detect, and remediate inefficiency and malfeasance in the expenditure of COVID-19 Recovery Funds and provide expertise in Program and Process Management

**Integrity Monitor Report
Category 3**

Monitoring; Financial Auditing and Grant Management; and Integrity Monitoring/Anti-fraud services.

NJRA entered into an MOU with the New Jersey Department of Treasury, which originally allocated \$6,250,000 to provide eligible businesses and property owners in NJRA eligible communities grant awards to be used toward monthly lease obligations under the Small Business Lease-Emergency Assistance Grant Program. Throughout the life of the program, three amendments were made to the program that allocated a total of \$25,700,000 (see breakdown below).

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

\$25,000,000 for the program
\$700,000 for administrative costs as to the third amendment to the MOU

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

\$24,983,490 for the program
\$700,000 for administrative costs.

Note: the disclosed amount in Q1 was an estimate resulting in a difference of \$1,510 higher than actual amount provided in the current quarter.

10. Amount Provided to Other State or Local Entities:

[N/A]

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

Post Payment

12. Completion Status of Integrity Monitor Engagement:

VWG is on target to complete the assignment and all deliverables by the scheduled end date of July 31, 2022.

B. Monitoring Activities

**Integrity Monitor Report
Category 3**

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

As of the date of this quarterly Integrity Monitor Report, IM has:

- i. Reviewed SBLEAG program applicant data to make risk-based sample selections to further assist in identifying potential fraud, anomalies, patterns, or discrepancies;
- ii. Selected a sample of 150 of approved SBLEAG program applicant files and tested for program eligibility, proper documentation, due diligence and approvals;
 1. The breakdown of samples by phase is :
 - a. Phase I – 60 selections
 - b. Phase II – 30 Selections
 - c. Phase III – 60 selections
- iii. Tested the disbursements of samples mentioned in 14(a)(i) by comparing software application data to TD Bank batch confirmations to determine that funds were a) disbursed for the correct amount, b) disbursed to the correct recipient, and c) disbursed amounts did not exceed phase limits;
- iv. Tested the disbursements of samples mentioned in 14(a)(i) by comparing to publicly available information to check for duplicative funding across multiple agencies;
- v. Conducted interviews and followed up with NJRA staff when necessary and requested additional documentation and information;

**Integrity Monitor Report
Category 3**

- vi. Conducted risk assessment procedures specific to the SBLEAG program by reviewing the structure, internal controls, technical platforms and guidelines of the program;
- vii. Reviewed program policies and procedures;
- viii. Completed the risk assessment report incorporating recommendations within the report to mitigate risks identified;
- ix. Continuously assessed the program for apparent fraudulent activities and weaknesses to determine if enhanced controls and/or corrective actions were required.

b) Recovery Program Participant Comments

No comments

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

In addition to information previously provided by NJRA that described program background, eligibility, procedures, and application compliance, NJRA has continued to cooperate in providing examples and explanations to questions posed by VWG.

VWG continued to perform audit procedures on sample selections in determining eligibility and compliance with both the SBLEAG and CARES Act, which includes: validating application completeness, ensuring that proper supporting documentation was provided, reviewing additional due diligence performed on applications in question, proper approvals were in place, no apparent duplicative disbursements were made to applicants receiving funding from NJEDA, and disbursements made were correct, accurate, and within the SBLEAG maximum limits.

b) Recovery Program Participant Comments

No comments

**Integrity Monitor Report
Category 3**

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

a) IM Response

The \$25,000,000 in funding from SBLEAG is provided to landlords of property leased by small business owners. As such, all funding was provided in the form of a grant with no exchange of services rendered. NJRA was allocated \$700,000 in administrative expenses for which the majority went to hiring temporary staff and contracting software application systems to house data collected from the program. Per the signed Memorandum of Understanding between NJRA and the Treasury of the State of New Jersey, "The NJRA is authorized to use an amount not to exceed [\$700,000] of the Grant Funds to pay for its administrative expenses and are limited to what is necessary for administration and implementation of the Program to the extent the expenses meet all requirements under the CARES Act." NJRA consulted the State's Office of Innovation to assist in the interview process and configuration of software application systems.

b) Recovery Program Participant Comments

No comments

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

a) IM Response

No payment documentation was reviewed in conjunction with administrative allocations.

b) Recovery Program Participant Comments

No comments

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

a) IM Response

In the previous quarter, VWG methodically scanned through population data to identify potential fraud, anomalies, patterns, or discrepancies. VWG normalized data and used various data analysis techniques to compare data to both eligibility requirements and other data within the population to look for signs of ineligibility

**Integrity Monitor Report
Category 3**

and irregularities that warrant further inquiry. From the population of funded applications, VWG selected a sample based on eligibility, noncompliance, and anomaly risk.

VWG reviewed each application selected to ensure all applicable documentation was obtained and additional diligence was properly performed and documented. Flags raised were presented to NJRA for further inquiry. VWG also reviewed the processes utilized by NJRA for the program to determine if additional steps or controls could be taken to help prevent and detect fraud, waste and/or abuse.

In the current quarter, Q2 2022, VWG a) reviewed our selected sample against NJEDA disbursement data from multiple programs to determine no apparent duplicative payments were made to applicants and b) tested our sample against confirmed disbursements to ensure no duplicated or overpayments were apparent.

b) Recovery Program Participant Comments

No comments

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

a) IM Response

In the previous quarter, VWG noted one application, brought to the attention of NJRA, received \$20,000 in Phase I. The applicant applied twice, once for each of the business's two locations under the same EIN number, for which both were accepted and received awards of \$10,000 each, exceeding the \$10,000 limit.

In response to our findings, NJRA contacted the recipient of the overpayment to recoup the excess amount disbursed. NJRA had since been able to recoup the full \$10,000 excess payment from the recipient.

b) Recovery Program Participant Comments

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

a) IM Response

**Integrity Monitor Report
Category 3**

In the current quarter, NJRA enhanced its review of disbursements and communicated \$271,000 that require recoupment throughout the entire SBLEAG program. NJRA recovered \$267,750 and fully expects to collect the remaining \$3,250 soon. Early in the program, NJRA noted issues with its former software system which was used for Phase I. Apparently, the system performed inadequately in detecting duplicative applications and overpayments. Additionally, early in the program, NJRA stated they relied too heavily on the software system to identify duplicative applications and have since revised their methodology. Based on VWG's review of the recouped funds population data, it appears that the overpayments identified by NJRA occurred almost entirely in Phase I. NJRA switched systems before the start of Phase II. VWG will continue to monitor the overpayment process and report additional findings in upcoming reports.

b) Recovery Program Participant Comments

NJRA's process for reviewing and reconciling program's funds was detailed and performed on a regular basis. When our review and reconciliation process revealed funds that need to be recouped for any reason, we quickly mobilized to contact the affected landlord/applicant. We also continuously modified and improved our processes and strengthened our controls to minimize risks and to maintain the integrity of the program. NJRA funded about \$25 million, helping around 2,500 small businesses located within our eligible New Jersey communities.

21. Details of any actions taken to remediate waste, fraud, and/or abuse noted in past quarters:

a) IM Response

No apparent findings of fraud, waste, and / or abuse noted in previous quarters within our sample testing.

As a result of a VWG finding in the previous quarter, NJRA recouped an overpayment of \$10,000 from an applicant. Additionally, as stated in question 20, NJRA enhanced its review of payments made to identify \$271,000 in overpayments for which \$267,750 was recovered.

b) Recovery Program Participant Comments

No comments

**Integrity Monitor Report
Category 3**

C. Miscellaneous

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

a) IM Response

1. [Joseph DeLuca – 3.75h
2. Maribeth Vander Weele – 19.55h
3. Steven Pasichow – 4.75h
4. Deb Wells – 3.00h
5. Kevin Mullins – 21.50h
6. Kristen Mokofisi – 5.50h
7. Michael Dundas – 18.75h
8. Kathleen Budreen – 1.30h
9. Salvatore Ubaldini – 0.25h
10. Matthew Gavin – 24.25h
11. Gwendolyn Boston – 40.90h
12. Linda Ressler – 131.50h
9. Artecia Foster – 13.45h]

b) Recovery Program Participant Comments

No comments

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

a) IM Response


[No additional items noted.]

**Integrity Monitor Report
Category 3**

b) Recovery Program Participant Comments

No comments

Name of Integrity Monitor:
Name of Report Preparer:


Vander Weele Group
Kevin Mullins

Signature:
Date:

[Sign Here]
July 14, 2022