

State of New Jersey
Department of Treasury
Integrity Monitoring Reporting Model
For Quarter Ending 3/31/2014

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	The New Jersey Department of Community Affairs ("DCA"), Sandy Recovery Division ("SRD"), is the direct recipient of funding from the United States Department of Housing and Urban Development ("HUD"), Community Development Block Grant, Disaster Recovery Program ("CDBG-DR") to address the massive property damage inflicted by Superstorm Sandy. DCA retained several contractors, who fall under the purview of the New Jersey Integrity Oversight Monitor Act ("A-60"), to assist it in managing various programs designed to distribute CDBG-DR funds to eligible New Jersey residents and businesses. These contractors include the Gilbane Building Company ("Gilbane"), CB&I Shaw, and the URS Group, which were retained to manage the Rehabilitation, Reconstruction, Elevation and Mitigation Program ("RREM"); Gilbane, which was retained to manage the Landlord Rental Repair Program ("LRRP"); CGI Federal, which was retained to create and manage the Sandy Integrated Recovery Operations and Management System ("SIROMS"), an information technology solution to assist DCA in managing its SRD programs; Hammerman & Gainer ("HGI"), which was retained to manage the housing application process for the SRD's various housing programs; ICF, Inc., which was retained to provide subject matter expertise and staffing augmentation services to DCA; and Cohn Reznick, which was retained to serve as DCA's internal integrity monitor.	
2.	Federal Funding Agency? (e.g. HUD, FEMA)	HUD	
3.	State Funding (if applicable)	None	
4.	Award Type	HUD CDBG-DR Award	
5.	Award Amount	Gilbane (RREM): \$27,781,951; Gilbane (LRRP): \$6,449,691 CB&I/Shaw: \$24,425,557 CGI Federal: \$45,230,816 ICF: \$54,787,946 URS: \$20,096,853 HGI: \$67,739,989 Cohn Reznick: \$9,992,683	
6.	Contract/Program Person/Title	RREM and LRRP: Stephen Grady, Assistant Director, Housing Recovery Programs SIROMS and Sandy Grant Manager Module ("SGM"): Peter Lijoi, Executive Director, New Jersey Urban Enterprise Zone Program ICF: Craig Schultz, Contract Manager	

State of New Jersey
Department of Treasury
Integrity Monitoring Reporting Model
For Quarter Ending 3/31/2014

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
7.	Brief Description, Purpose and Rationale of Project/Program	RREM provides CDBG-DR awards of up to \$150,000 to eligible homeowners to restore homes damaged by Superstorm Sandy. LRRP provides CDBG-DR awards of up to \$50,000 per unit to owners of rental properties with between 1 and 25 units that require rehabilitation as a result of Superstorm Sandy. SIROMS, developed and administered by CGI, manages all of DCA's Superstorm Sandy funding requests from State agencies, local governments and school districts, as well as all HUD reporting obligations. SGM, a grant tracking system, is being developed by CGI. It will replace the eGrant system developed by HGI. ICF provides strategic advice, program implementation, subject matter expertise and staff augmentation services to DCA. Superstorm Sandy Housing Incentive Program ("SSHIP") covered the completion and processing of housing program applications, and the determination of eligibility and disbursement of funds under the Resettlement Incentive Program, and the RREM and LRRP Programs. HGI was the original contractor selected to manage SSHIP, but prior to the beginning of Navigant's monitorship, DCA and HGI, by mutual agreement, terminated HGI's role as the SSHIP contractor. HGI's performance under the contract is currently the subject of an arbitration proceeding. The New Jersey Attorney General's Office represents the State in that proceeding. DCA has assumed responsibility over HGI's duties at the Superstorm Sandy Housing Recovery Centers, and CGI has assumed responsibility for migrating applicant data from HGI's eGrants system to CGI's SGM system.	
8.	Contract/Program Location	Trenton, New Jersey	
9.	Amount Expended to Date	Amounts are based on current invoice totals as of June 25, 2014: Gilbane (RREM): \$11,500,034; Gilbane (LRRP): \$2,918,300 CB&I/Shaw: \$6,957,098 CGI Federal: \$14,797,419 ICF: \$12,768,569 URS: \$1,613,989 HGI: \$35,910,449.43 Cohn Reznick: \$5,272,704	
10.	Amount Provided to other State or Local Entities	N/A	
11.	Completion Status of Contract or Program	Completion Status based on contract values and invoiced amounts as of June 25, 2014: RREM: approximately 28% LRRP: approximately 45% SIROMS/SGM: approximately 33% ICF: approximately 23% Cohn Reznick: approximately 53%	
12.	Expected Contract End Date/Time Period	RREM: May 22, 2015 (Gilbane & CB&I/Shaw) LRRP: September 30, 2015 (Gilbane)	
B. Monitoring Activities			
13.	If FEMA funded, brief description of the status of the project worksheet and its	N/A	

State of New Jersey
Department of Treasury
Integrity Monitoring Reporting Model
For Quarter Ending 3/31/2014

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
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)	Navigant's integrity oversight monitoring work commenced on March 20, 2014 with two meetings in Trenton. (As a result, this report covers the last 12 days of the Quarter ending March 31, 2014). Our first meeting was at the State House with representatives from the Department of the Treasury ("Treasury") and Ernst & Young ("E&Y"). The purpose of the meeting was for Treasury to provide an overview of the integrity oversight monitoring program and to identify some key priorities and objectives. Treasury also discussed administrative matters, including reporting and billing. E&Y provided an overview of their role in the program and the work they had performed to date. Navigant asked that E&Y provide a copy of the Risk Assessment it had prepared on the programs Navigant would be monitoring. The following individuals attended the meeting, along with the Navigant team: David Ridolfino, Associate Deputy State Treasurer; Daniel Povia, Chief Internal Auditor, Treasury; John White, Budget and Grants Manager, Treasury; Michael Jonas, Chief Financial Officer, Treasury; Roseann Koval, Administrative Analyst, Treasury; Robert Reeves, Partner, E&Y; Jill Powell, Senior Manger, E&Y; Tamara Bretan, Manager, E&Y Later on March 20th, the Navigant team met at DCA with key members of DCA's SRD staff and with the staff of Cohn Reznick, DCA's internal integrity monitor. DCA described the various SRD programs within the scope of the monitorship, the contractors selected to manage and provide services under those programs, and the nature of the work the contractors had performed to date, as well as some of the challenges DCA had encountered. Cohn Reznick provided an overview of the work they had been performing as the internal integrity monitor, a high level summary of some of the issues they had identified to date, and the types of corrective actions they had recommended DCA implement. Navigant requested at this meeting all of Cohn Reznick's reports pertaining to the contractors Navigant would be monitoring, the Risk Assessments Cohn Reznick had prepared, and the Recommendations Matrix Cohn Reznick had created to track the status of DCA's implementation of the recommendations Cohn Reznick had made. Navigant also requested from DCA the various Policy and Procedure Manuals that had been drafted for the RREM and LRRP programs and for the work performed by ICF and CGI. The Navigant team was joined by the following individuals at this meeting: Timothy Cunningham, the current Director of the SRD; Howard McCoach, the retiring Director of the SRD Robert Bartolone, Director, Office of Auditing; Paul Macchia, DCA Chief of Staff; Paul Raffensperger, Principal, Cohn Reznick Following these meetings, the Navigant team submitted to DCA and the contractors a comprehensive document request list, which sought Policy and Procedure Manuals drafted for the RREM and LRRP programs and for the work of ICF and CGI, and documentation relating to the internal controls created and Risk Assessments performed by DCA and the contractors. We then planned to perform a gap analysis to determine whether the policies and procedures and controls in place ensured that relevant HUD CDBG-DR program requirements had been met and that all significant program risks had been identified and addressed. To the extent we identified any risks not adequately covered by the current controls in place, we planned to devise additional controls to manage those risks. After performing this gap analysis, we planned to develop a testing program for the first stage of the monitorship to address the most pressing risks identified in our gap analysis. Before the end of March we scheduled the first round of in depth interviews of DCA and contractor staff.	

State of New Jersey
Department of Treasury
Integrity Monitoring Reporting Model
For 1 Quarter Ending 3/31/2014

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
15.	Brief Description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program.	By the end of March, DCA, the contractors and Cohn Reznick had begun to provide Navigant with the documents we requested at the March 20th meetings and in our document request list, including Policy and Procedure Manuals for the RREM and LRRP programs prepared by DCA and the contractors, Risk Assessments prepared by E&Y and Cohn Reznick, and internal monitoring reports prepared by DCA and Cohn Reznick related to the RREM Program, LRRP Program, the ICF staffing function, and IT applications and infrastructure including SIROMS, eGrants and SGM. Navigant staff began reviewing these documents as soon as we received them. Navigant staff also downloaded from the DCA website the relevant DCA CDBG-DR Plan Documents and the contract documents associated with the contractors we were monitoring, and began reviewing those documents as well.	
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	As explained above in response to Question 14, the first 12 days of our work focused on meeting with Treasury, DCA, E&Y and Cohn Reznick, and obtaining and beginning to review the completed Policy and Procedure Manuals, internal controls created and Risk Assessments performed to evaluate whether all significant program risks had been identified and addressed, and to begin devising the additional controls that may be necessary to manage any risks not previously identified.	
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	We began reviewing reports prepared by Cohn Reznick, which described Cohn Reznick's review of the requisitions submitted by the RREM and LRRP contractors, HGI, ICF and CGI.	
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	See Response to Question 16.	
19.	Provide details of any integrity issues/findings	As of March 31, 2014, it was premature for us to speculate on integrity issues and potential findings after the first 12 days of our monitoring work, since we were still gathering information and scheduling interviews to perform our gap analysis.	
20.	Provide details of any work quality or safety/environmental/historical preservation issue(s).	As of March 31, 2014, it was premature for us to speculate on work quality or safety/environmental/historical preservation issues after the first 12 days of our work, since we were still gathering information and scheduling interviews to perform our gap analysis.	
21.	Provide details on any other items of note that have occurred in the past quarter	N/A	
22.	Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters	N/A	

State of New Jersey
 Department of Treasury
 Integrity Monitoring Reporting Model
 For Quarter Ending 3/31/2014

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
C. Miscellaneous			
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	For the Quarter Ending March 31, 2014: Total hours incurred: 47.75 hours Total fees incurred: \$12,946.25 Total expenses incurred: \$129	
24	Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program.	N/A	

Name of Integrity Monitor: Navigant Consulting Inc.

Name of Report Preparer: Richard Faughnan

Signature: 

Date: July 1, 2014