

**BROWN & COMPANY****CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC**

**Brown & Company CPAs and
Management Consultants, PLLC**
Firm Name: **EQ2014-009-P1-HMFA**
Engagement: **12/31/2015**
For Quarter Ending:

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	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	\$ 81,465,416	
10.	Amount Provided to other State or Local Entities	Not applicable	
11.	Completion Status of Contract or Program	78% 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. Brown & Company received information from NJHMFA. We received an update on the contracts from NJHMFA. Brown & Company reviewed the status of funds for the 16 contracts and noted that 1 contract has not closed: <i>Keyport Legion Apts</i>. The updated FRM-PHA report as of December 31, 2015 shows that 1 contract—<i>Keyport Legion Apts</i>.—has not yet closed and 15 contracts have closed and drawn funds (see Attachment A).	
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.	Brown & Company's integrity oversight monitoring activity for the fourth quarter (October 1, 2015 – December 31, 2015) focused on Tasks C, D, and Task E. Brown & Company reviewed the status of funds for the sixteen contracts and noted that one contract file was still outstanding from the last quarterly report. . 1. Keyport Legion Apts. We discussed the status of the 1 contract with NJHMFA and we were informed that the 1 contract is expected to close because it did not have insurance approval and some more items needed to be updated.	
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.	

No.	Recipient Data Elements	Response	Comments
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	No payment requisition was reviewed during 4 th quarter 2015 since we were waiting for the remaining two project files (Booker T Washington Apts and Keyport Legion Apts) to close and had drawn funds. Note: Booker T Washington Apts was closed in December 2015 and had drawn funds total \$1,087,216.47. During January 2016, We planned to request the itemized list of disbursements or “CDBG Construction Disbursement Summary Disbursement from Inception to Date” report to select our samples for testing.	
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 included reviewing updated FRM-PHA report and reviewing and testing the “CDBG Construction Disbursement Summary Disbursement from Inception to Date” report.	
19.	Provide details of any integrity issues/findings	For the quarter October 1, 2015 – December 31, 2015. Since we did not select any payment requisition for testing during the reporting period, there were no findings to report. Therefore, it is considered not applicable.	
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	

No.	Recipient Data Elements	Response	Comments
C. Miscellaneous			
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	See Attachment B	
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: April 1, 2016

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 as of 9/18/2015	Date of Award
1	Heritage Village at Oakhurst	HMFA #2874	New	\$ 11,020,000	\$ 4,561,568	10/3/2013
2	Franklin Manor	HMFA #2885	New	10,118,157	7,174,139	12/3/2013
3	Willows at Waretown	HMFA #2599	New	9,097,970	9,097,970	10/3/2013
4	Booker T. Washington Apts.	HMFA #2927	Rehab	8,253,624	1,087,216	1/27/2014
5	The Beachview Residence	HMFA #2683	Rehab	5,642,518	5,642,518	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	5,340,475	5/15/2013
15	The Meadows (Atlantic City HOPE VI)	HMFA #2772	New	5,783,923	5,783,923	8/29/2013
16	Keyport Legion Apts.	Unknown	Unknown	6,000,000	0	Unknown
Total				\$ 104,533,799	\$ 81,465,416	

ATTACHMENT B – Level of Effort and Expenses

Quarter ending December 31, 2015.

Hours Incurred For Quarterly Activities

Member	25
Manager	0
Supervisor	1
Seniors (3)	<u>0</u>
Total Hours	<u>26</u>

Expenses Incurred For Quarterly Activities

Travel	\$ 0
Other Direct Costs	\$ 0