

Integrity Monitor Report Categories 1 and 2

Integrity Monitor Firm Name:	BDO USA, LLC
Integrity Monitor Category (1 or 2):	Category 1
Quarter Ending:	September 30, 2021
Expected Engagement End Date:	October 31, 2021

A. General Information

1. Recovery Program Participant:

New Jersey Department of Veterans and Military Affairs

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

Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES)
Act COVID-19

3. State Funding Source (if applicable):

N/A

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

December 31, 2021

5. Accountability Officer:

Angelo Capolupo, Chief Financial Officer

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

Personal Protective Equipment (PPE) Inventory Procedures

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

BDO was engaged by DMAVA pursuant to the terms of Governor Murphy's July 17, 2020 Executive Order No. 166 (EO-166) and per the requirements of the August 2020 Integrity Oversight Monitor Guidelines issued by the State of New Jersey COVID-19 Compliance and Oversight Taskforce (IOM Guidelines), in accordance with the procedures established by the Request for Quotation issued by the Division of Administration, Department of the Treasury for Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for Coronavirus Relief Funds pursuant to

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Section 5001 of the Coronavirus Aid, Relief, and Economic Security
(CARES) Act COVID-19 Recovery Funds and Programs (IOM RFQ).

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

N/A

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

N/A

10. Amount Provided to Other State or Local Entities:

N/A

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

December 31, 2021

12. Completion Status of Integrity Monitor Engagement:

October 31, 2021

B. Monitoring Activities

13. 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

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BDO is performing the following tasks as part of its quarterly monitoring activities:

- Commenced planning work on 09/03/2021 and began the project with a kick-off meeting on 09/08/2021
- Conducted weekly stakeholder meetings to ensure client satisfaction with progress
- Conducted meeting with Office of the State Comptrollers (OSC) to ensure adequate integrity monitoring progress
- Developed a detailed and inclusive project plan with appropriate stakeholder buy-in
- Developed an interview discussion guide and conducted interviews with key personnel to obtain an understanding of DMAVA's supply chain management processes, documentation, and inventory management procedures
- Based on the interviews conducted, documents reviewed, and template provided BDO is developing a detailed risk and control matrix identifying the key processes, risks, and controls to mitigate such risks. This information will be used to prepare the draft risk matrix deliverable. We are also using this information to assess the residual risk associated with DMAVA's PPE inventory management.
- Planned to review client requisitions recorded by NJ DMAVA and will select a risk-based population for review and testing.
- Planned to conduct remote and on-site evaluation to determine validity of DMAVA supply chain and supply management procedures
- Planned to conduct any necessary follow-up interviews with various DMAVA personnel throughout the next quarterly review.
- Began work on a comparative gap analysis for the management procedures of each facility
- Began an analysis of inventory records and burn rate to ensure that distribution programs met industry norms
- Began measurement of inventory figures and quotas to ensure that distribution met expected figures

b) Recovery Program Participant Comments

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14. Description of activities to prevent, detect, and remediate waste, fraud, and/or abuse during the quarter:

a) IM Response

BDO began conducting an initial risk assessment as well as detailed transaction testing to identify potential program compliance issues, or potential fraud, waste, and abuse. BDO's testing in conjunction with the PPE programs are outlined below: Please note that BDO's activities are ongoing.

- BDO is planning a review of 4 separate facilities charged with distributing PPE obtained under CARES Act funding. Below is a brief description of the work planned:

- Menlo Park Site- BDO is conducting a review of warehouse policies and procedures related to procurement and supply chain management. As a part of that review, on 09/29/2021, BDO conducted a remote interview with site leadership and relevant stakeholders to assess the validity of their supply chain management procedures and adherence to DMAVA processes and procedures as well as identify best practices. BDO received and began analysis of the Menlo Park site's "SR-1 Storeroom Procedure" and "COVID Guidelines" documents. Additionally, BDO received Menlo Park's burn rate data from DMAVA and began a comprehensive analysis of that data.

- Paramus Site- BDO is conducting a review of warehouse policies and procedures related to procurement and supply chain management. As a part of that review, on 09/30/2021, BDO will conduct a remote interview with site leadership and relevant stakeholders to assess the validity of their supply chain management procedures and adherence to DMAVA processes and procedures as well as identify best practices. BDO received and began analysis of the Paramus site's "Procedure #10 Storeroom Inventory Policy & Procedure" document. Additionally, BDO received Paramus's burn rate data from DMAVA and began a comprehensive analysis of that data.

- Vineland Site - BDO conducted a review of warehouse policies and procedures related to procurement and supply chain management. As a part of that review, on 09/29/2021, BDO conducted a remote interview with site leadership and relevant stakeholders to assess the validity of their supply chain management procedures and adherence to DMAVA processes and procedures as well as identify best practices. BDO received and began analysis of the Vineland site's "Storage & Accounting for Personal Protection Equipment"

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document. Additionally, BDO received Vineland's burn rate data from DMAVA and began a comprehensive analysis of that data.

- A fourth site visit is being planned for DMAVA's central warehouse and discussions are ongoing for planning of that assessment.

b) Recovery Program Participant Comments

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15. General description of any findings of waste, fraud, or abuse:

a) IM Response

Testing for fraud, waste, and abuse is in progress. No findings have been recorded to date.

b) Recovery Program Participant Comments

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C. Miscellaneous

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

a) IM Response

Stephanie Irby - 11 hours; Nic Nunn-Faron - 26.5 hours; Brandon Conner - 25 hours; Brooke Krajewski - 29.5 hours; John Shaffer - 10 hours; Albernard Bass - 22 hours; Total - 124 hours

b) Recovery Program Participant Comments

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Name of Integrity Monitor:

Andrea Espinola Wilson

Name of Report Preparer:

Nic Nunn-Faron

Signature:



Date:

9/30/2021