

Navigant - Department of Community Affairs Housing Programs

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending 9/30/2014

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
<b>A. General Info</b>			
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 ("CGI"), 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: \$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, DCA SIROMS and Sandy Grant Manager Module ("SGM"): Elizabeth McCay, Contract Manager, DCA ICF: Elizabeth McCay, Contract Manager, DCA Cohn Reznick: Robert Bartolone, Director, Office of Auditing, DCA	

Navigant - Department of Community Affairs Housing Programs

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending 9/30/2014

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	<p><b>RREM</b> provides CDBG-DR awards of up to \$150,000 to eligible homeowners to restore homes damaged by Superstorm Sandy.</p> <p><b>LRRP</b> 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.</p> <p><b>SIROMS</b>, 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.</p> <p><b>SGM</b>, a grant tracking system, was developed by CGI. It has replaced the eGrant system developed by HGI.</p> <p><b>ICF</b> provides strategic advice, program implementation, subject matter expertise and staff augmentation services to DCA.</p> <p><b>Superstorm Sandy Housing Incentive Program ("SSHIP")</b> 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 assumed responsibility over HGI's duties at the Superstorm Sandy Housing Recovery Centers, and CGI assumed responsibility for migrating applicant data from HGI's eGrants system to CGI's SGM system. CGI has completed the migration of data from eGrants to SGM, and is managing the data for the RREM and LRRP programs going forward.</p>	
8.	Contract/Program Location	Trenton, New Jersey	
9.	Amount Expended to Date	<p>Amounts are based on current invoice totals as of September 30, 2014:</p> <p><b>Gilbane (RREM):</b> \$16,324,212; <b>Gilbane (LRRP):</b> \$3,810,914</p> <p><b>CB&amp;I/Shaw:</b> \$8,457,362</p> <p><b>CGI Federal:</b> \$19,225,228</p> <p><b>ICF:</b> \$17,250,945</p> <p><b>URS:</b> \$7,610,820</p> <p><b>HGI:</b> \$35,910,449</p> <p><b>Cohn Reznick:</b> \$6,012,888</p>	
10.	Amount Provided to other State or Local Entities	N/A	
11.	Completion Status of Contract or Program	<p>Completion Status based on contract values and invoiced amounts as of September 30, 2014:</p> <p><b>RREM (Gilbane/CB&amp;I Shaw/URS):</b> approximately 41%</p> <p><b>LRRP (Gilbane):</b> approximately 59%</p> <p><b>SIROMS/SGM (CGI):</b> approximately 43%</p> <p><b>ICF:</b> approximately 32%</p> <p><b>Cohn Reznick:</b> approximately 60%</p>	

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending 9/30/2014

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
12.	Expected Contract End Date/Time Period	<b>RREM (Gilbane &amp; CB&amp;I Shaw):</b> May 22, 2015 <b>LRRP (Gilbane):</b> September 30, 2015 <b>CGI:</b> May 24, 2015 <b>ICF:</b> May 24, 2015 <b>Cohn Reznick:</b> May 13, 2015	
<b>B. Monitoring Activities</b>			
13.	If FEMA funded, brief description of the status of the project worksheet and its support.	N/A	

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending 9/30/2014

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.	<p>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)</p>	<p>Navigant's integrity oversight monitoring activity for the second full Quarter of our mentorship focused principally on four areas: reviewing and making recommendations to improve the policies and procedures regarding RREM Pathway B; performing investigative due diligence on the RREM and LRRP subcontractors and the approved Pathway C home builders; reviewing, testing and evaluating the processes DCA and ICF utilized in validating the migration of data from HGI's eGrant system to CGI's SGM module within SIROMS; and formulating our independent invoice review strategy and commencing RREM contractor invoice reviews. We also identified certain potentially fraudulent activity, and have provided our analysis to the Attorney General's Office. During this quarter, we conducted thirty-eight meetings with DCA, Cohn Reznick, CB&amp;I Shaw, Gilbane, CGI, ICF, and officials from the Department of the Treasury, the Office of the Attorney General, and the Office of the Inspector General for HUD ( see Appendix A for a list of government officials and Contractor staff with whom we had in-person or telephonic meetings).</p> <p><b>Pathway B Policies and Procedures</b></p> <p>Shortly before the beginning of this Quarter, DCA decided that, as of July 1, 2014, applicants for the RREM program would no longer have the option to elect to use a RREM-Assigned Qualified Pool Contractor ("QPC") under Pathway C to rehabilitate or reconstruct their homes, and instead would be required to select their own contractor under Pathway B. Based on our prior review and comparison of Pathways B and C, it was immediately apparent to us that the integrity and deobligation risks associated with Pathway B were far greater than with Pathway C because of the dramatically reduced State oversight of Pathway B construction per program design. As a result, we performed an in depth analysis of DCA's revised Pathway B policies and procedures to determine whether the existing controls were adequate to minimize the State's integrity and deobligation risks while meeting the overall intent of the program.</p> <p>During this review we identified a number of areas in which we concluded that the revised Pathway B controls should be strengthened further, including the following:</p> <p>First, DCA had created what was originally conceived as an "optional" addendum that homeowners could attach to their construction agreements with their Pathway B contractors explaining some of the key requirements of the RREM program. We endorsed the concept of this Contractor Addendum given that the RREM program includes numerous technical requirements related to HUD CDBG regulations and ensuring that an explanation of those requirements was included in the construction agreements would significantly increase the likelihood of compliance. Accordingly, our first recommendation regarding the "Optional" Contractor Addendum was that it be made mandatory. Any homeowner accepting government funds from the RREM program would be required to include in their construction agreement with their contractor the Contractor Addendum describing the contractor's obligations. We also recommended that DCA strengthen the Contractor Addendum by making certain textual edits for clarity and including a few additional clauses covering important RREM program requirements that were not addressed in the original Optional Contractor Addendum. DCA agreed with and implemented this recommendation.</p>	

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending 9/30/2014

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
		<p>Second, as originally conceived under Pathway B, homeowners could receive an advance payment of 50% of their grant award by simply submitting the name of their contractor to the RREM Program Manager, who then validated that the contractor was licensed and not debarred. We recommended, among other things, that homeowners also be required to provide a signed construction contract to the Program Manager to ensure that grant recipients were ready to start construction as soon as they received funding. DCA agreed with and implemented this recommendation.</p> <p>Third, DCA planned to have the initial 50% advance followed by further distributions of the remaining 50% of the grant award. We recommended, and DCA adopted, modifications to the disbursement policies and procedures, including, among other modifications, the following:</p> <ul style="list-style-type: none"> <li>(1) DCA will limit the amount of the total disbursement to 90% of the grant award until satisfactory completion of a final inspection of the property. This 10% retainage or hold-back ensures that the homeowner complies with all program requirements before 100% of the grant award is disbursed.</li> <li>(2) Homeowners will be required to submit with their first payment request -- in addition to a copy of all invoices for billed labor and material costs incurred including invoices covering funds received from the construction advance -- other various documents such as copies of all required building permits, a signed copy of the Mandatory Contractor Addendum, copies of approved DEP permits, copies of executed contracts with additional contractors not previously submitted, the Energy Star Version 3.0 Plan Review Checklist signed by a HERS Rater (if the home is undergoing reconstruction), the name of the state-certified lead abatement contractor if lead hazards are present, photographs of completed work, and a "bills paid" affidavit signed by the homeowner and contractor confirming that the homeowner has paid the contractor for all bills to date to ensure that the homeowner has appropriately utilized program funds.</li> </ul> <p>Finally, Pathway B originally included a 15% "Contingency" fund for unspecified development costs, such as design and engineering costs or unforeseen costs. By definition, these contingency costs were not included in the ECR as preapproved costs. We viewed the contingency as formulated as presenting a deobligation risk since homeowners could incur and pay for unapproved and potentially ineligible costs. As an alternative, we recommended that DCA eliminate the contingency and permit homeowners to submit change orders for unanticipated costs that could be evaluated for program eligibility in advance. DCA approved and adopted this recommendation, and formulated, in our judgment, a better way to address design and engineering costs by permitting homeowners to draw up to a maximum of \$15,000 for design and engineering costs that would have to be supported by invoices.</p> <p>In addition to these recommendations, Navigant made numerous suggested modifications to DCA program documents to be distributed to homeowners during the 5A meetings, many of which DCA adopted.</p>	

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending 9/30/2014

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
		<p><b>Investigative Due Diligence</b></p> <p>We concluded in our last Quarterly Report that an unaddressed program risk was the inadequate level of investigative due diligence (“IDD”) conducted on the RREM and LRRP subcontractors and pre-qualified Pathway C home builders, called Qualified Pool Contractors or “QPCs,” who perform tasks that are essential to the success of the RREM and LRRP programs. This Quarter we performed IDD on the 40 QPCs who were assigned Pathway C homes, and the 34 subcontractors retained by Gilbane and CB&amp;I Shaw to assist them in performing their responsibilities as the RREM and LRRP Program Managers.</p> <p>Of the 74 companies for whom we performed IDD, we identified potentially adverse findings against 12 of them – four QPCs and eight subcontractors. We define a potentially adverse finding to include information showing that a company is currently or was historically: (1) a defendant in any criminal filing; (2) a defendant in any federal or state litigation alleging racketeering, fraud, false claims or other serious allegations; (3) a debtor in any unsatisfied federal or state level civil judgment or lien; (4) a debtor in any satisfied federal or state level civil judgment or lien within the last five years in an amount greater than \$100,000; (5) a debtor in any federal or state tax liens; (6) a debtor in any bankruptcy proceeding within the last 5 years; or (7) the subject of media coverage alleging involvement in or association with fraudulent, corrupt or criminal activity. Although the potentially adverse findings we made were material, we concluded that they did not require that the companies be disqualified from continuing as QPCs and subcontractors given that they had already been performing in those roles and that our findings principally involved unresolved allegations that have not resulted in adjudications of guilt or liability as of the date of our review. The issues we identified, however, should have been identified and evaluated before these companies were engaged to work on these important programs. To address the unresolved risks identified in our potentially adverse findings, we have designed our testing and review processes to focus on these companies.</p> <p>Our potentially adverse findings identified, among other issues: (1) companies with multiple current or recent state tax liens; (2) media reports identifying a company as involved, but not charged, in a criminal bribery scheme in another state; (3) companies with pending civil cases or civil cases that were dismissed on procedural grounds involving a variety of serious issues including allegations of negligence, fraud, inadequate or fabricated environmental testing records, inadequate building inspections, violations of the Fair Labor Standards Act, or failure to pay Workers’ Compensation insurance premiums. As already mentioned above, these potentially adverse findings raise material issues, but because they involve unresolved allegations, rather than adjudicated findings of guilt or liability, they should not disqualify the companies from continuing as QPCs and subcontractors. To manage the unresolved risks identified in our research, we have designed our testing and review processes to focus on these companies to identify problems in the event they arise.</p>	

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending 9/30/2014

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
		<p><b>Information Technology Issues</b></p> <p>The Navigant IT team's integrity oversight monitoring for the second full Quarter of our monitorship focused principally on an assessment of the RREM data validation necessitated by the migration of data from the predecessor eGrants system to the SGM module within SIROMS. Our assessment of the validation efforts included review of: (1) the underlying reasons for retiring the predecessor eGrants system, created by HGI, in favor of retaining CGI to develop the SGM module, (2) the resulting migration of the RREM structured and unstructured data from eGrants to SGM, (3) the State's post-migration data validation processes, and (4) the quality control measures performed on changes made to the RREM application data during the post-migration data validation. In completing this assessment, we conducted a series of onsite meetings and interviews at DCA's RREM Data Validation Center in Newark, participated in follow-up meetings and conference calls with ICF to further discuss the RREM data validation efforts, and communicated with CGI to confirm the existence of an automated change tracking system within RREM SGM.</p> <p>Based on our interviews and review, we determined that DCA's assessment that eGrants did not provide the necessary workflow functionality to track the lifecycle of the RREM applications and supporting documentation files was reasonable, as was its decision to replace eGrants with the more robust and functional SGM system. Because of the resulting RREM data migration from eGrants to SGM, a comprehensive validation of the post-migration RREM application data was required. We assessed the RREM data validation protocol and found that it was reasonable under the circumstances when combined with the existence of the automated tracking system that systematically captures metadata related to changes made to the post-migration RREM data fields. Navigant has requested an extract of the current change tracking system data and will begin a review of its functionality, design and contents in the next Quarter.</p>	

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending 9/30/2014

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
		<p><b>Invoice Review</b></p> <p>During this Quarter we also formulated our independent invoice review strategy and commenced invoice reviews. In preparation for designing our invoice review procedures, Navigant reviewed all of the final reports and audits performed by Cohn Reznick of the payment requisitions submitted by HGI, URS, Gilbane, CB&amp;I Shaw, ICF and CGI. Additionally, we met with DCA and Cohn Reznick to obtain an understanding of their respective invoice audit processes, to discuss their invoice findings, and to gather contractor invoices and relevant documentation (including DCA's policies and procedures regarding invoicing and Cohn Reznick's audit program and select audit work papers).</p> <p>There are three primary invoice categories for which payment requisitions are submitted by the contractors: Labor, Travel and Other Direct Costs (also referred to as "ODCs"). ODCs include equipment and supply purchases and subcontractor costs. We have concluded that DCA and Cohn Reznick have established an appropriate audit methodology to conduct a thorough and comprehensive audit on the labor and non-subcontractor ODC invoices. For example, for the labor invoices, DCA compares the billed hours to supporting time records and the hourly labor rates and staffing titles to the respective Best and Final Offers ("BAFO") submitted to the State. Also, prior to invoice approval, DCA ensures that the approved invoice amounts do not exceed the maximum approved budget amounts for the respective Task Orders. DCA reviews the ODC invoices that include purchases of equipment and supplies for proper purchase approvals and supporting documentation; travel costs are also checked against supporting documentation and reviewed for appropriate fare class, per diem rates and mathematical accuracy.</p> <p>During our review, however, we identified additional invoice review procedures to mitigate potential risks associated with subcontractor invoiced costs. Specifically, neither DCA's nor Cohn Reznick's audit procedures were adequate to identify duplicate or erroneous subcontractor billings or whether approved unit rates were utilized at the subcontractor level. As a result, we are analyzing the subcontractor invoices to identify billed unit costs that are not authorized in subcontractor agreements, duplicate and erroneous billings, and other potential fraud risk factors.</p>	
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.	<p>Navigant obtained (1) from DCA all documents related to the revised Pathway B program and RREM invoice-related documentation; (2) from the Contractors, some but not all, of the invoice-related documents we requested; and (3) from Cohn Reznick their updated recommendations matrix, internal monitoring reports and select work papers. Regarding IT-related information and data, ICF responded to Navigant's requests for information related to the RREM data migration and resulting data validation. Specifically, ICF provided Navigant with information related to the reasons for developing SGM as a replacement for the predecessor eGrants system, the resulting migration of RREM application data from eGrants to SGM, and the post-migration data validation processes and quality control measures. In addition, ICF provided supporting documentation files, including a template prepared by ICF for use by the RREM data validators to identify changes to the post-migration RREM application data, ICF guidelines pertaining to the RREM data validation, and a report detailing the status of the RREM data validation. In addition, CGI responded to Navigant's request to confirm the existence of an automated tracking system that captures metadata related to changes made to post-migration RREM data fields since the RREM SGM go-live date in February 2014. CGI also provided read-only access to LRRP SGM.</p>	

Navigant - Department of Community Affairs Housing Programs

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending 9/30/2014

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
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	As described in paragraphs 14 and 15 above, during this Quarter, Navigant reviewed and recommended revisions to Pathway B program policies, procedures and documentation; performed IDD on 74 companies serving in important roles in the RREM and LRRP programs; and formulated our independent invoice review strategy and commenced RREM invoice reviews. In addition, Navigant's IT team reviewed and assessed the RREM data validation processes necessitated by the migration of program data from the predecessor eGrants system to SGM to determine the reasonableness of the State's approach in confirming that the data migrated completely and accurately to SGM and the existence of an automated system to track changes made to the post-migration RREM data. Furthermore, Navigant requested data extracts from CGI of the RREM application structured data available at the time of the data migration, the current RREM application structured data available at the time of the request, and the current audit trail of changes made to the RREM application data since the SGM go-live date in February 2014. In the next Quarter, Navigant will begin analysis of these data extracts to perform a review of changes made to the RREM data fields since migration and the effectiveness of the automated change tracking system that exists within SGM.	
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	As described in paragraph 14 above, during this Quarter, Navigant has formulated our independent invoice review strategy and commenced invoice reviews. Navigant has created a database of subcontractor invoice details so that we can compare the unit rates/prices to subcontractor purchase orders and agreements, test the mathematical accuracy of subcontractor invoiced amounts and conduct analytics to identify anomalies, for example, for any subcontractors that billed on a Time and Material basis, which poses a higher risk for overbilling. This database will also record the unique homeowner application numbers, which we will utilize to conduct analytics to identify anomalies or potential fraud risk factors, such as two subcontractors billing for the same services on the same home. During the next quarter we will continue to update this database with additional subcontractor invoices and identify preliminary discrepancies that we will initially attempt to clarify with the RREM and LRRP Program Managers. Our invoice analysis will also be guided by the potentially adverse findings from our IDD research on the 34 subcontractors retained by the Program Managers. We will focus our procedures to mitigate any potential risks presented by invoices of subcontractors with unresolved integrity risks. Additionally, we will inform DCA of any confirmed inappropriately billed subcontractor costs so that DCA can deduct such amounts from payment to the contractors.	

Navigant - Department of Community Affairs Housing Programs

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending 9/30/2014

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
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	<p>Navigant identified weaknesses in and made recommendations to improve the policies and procedures relating to RREM Pathway B, which has now become the sole pathway for RREM applicants to utilize. Navigant's IDD research resulted in uncovering information about potential integrity risks presented by 12 companies involved in the RREM program, and we have designed our testing program to address those risks. Navigant identified the RREM data migration and subsequent data validation as areas of interest because of the general risks inherent in migrating data and also to assess whether the validation of the post-migration RREM data was reasonable with appropriate quality control measures and tracking systems in place to prevent and detect waste, fraud and abuse. Through meetings, interviews, and conference calls with ICF, Navigant confirmed that ICF assembled and led a team of data validators with trusted supervisors onsite at the RREM Data Validation Center in Newark, who were tasked with responding to the validators' specific questions about the RREM application data and performing some level of daily quality control efforts on changes made to the RREM application data. Navigant also confirmed the existence of an automated tracking system that systematically captures metadata related to changes made to post-migration RREM data fields, which has been in place since the RREM SGM go-live date in February 2014. Navigant requested an extract of the automated tracking system for analysis in the next Quarter.</p>	
19.	Provide details of any integrity issues/findings	<p>As explained above, we identified potentially adverse findings concerning 12 of the companies involved in the RREM program. Regarding information technology issues, based on the totality of the information collected during the various meetings, interviews and conference calls described above, we confirmed the reasonableness of DCA's assessment of eGrants (which was shared by HUD reviewers) that it did not provide the necessary workflow functionality to track the lifecycle of the RREM applications and supporting documentation files, and the reasonableness of DCA's decision to replace eGrants with the more robust and functional SGM system. Due to the resulting RREM data migration from eGrants to SGM, we agree that a comprehensive validation of the post-migration RREM application data was necessary. We assessed the RREM data validation protocol and found that it was reasonable under the circumstances when combined with the existence of the automated tracking system that systematically captures metadata related to changes made to the post-migration RREM data fields.</p> <p>In addition, we have confirmed the existence of an automated tracking system that captures metadata related to changes made to the post-migration RREM data fields, which has been in place since the RREM SGM go-live date in February 2014. As designed, this system was built to systematically document changes to the RREM data fields, including changes that occurred during the RREM data validation. Based on our initial confirmation of the existence of this tracking system, Navigant has determined that systems are in place to mitigate waste, fraud and abuse relating to SGM's underlying RREM data. Navigant has requested an extract of the current change tracking system data and will begin a review of its functionality, design and contents in the next Quarter.</p> <p>We also identified certain potentially fraudulent activity, and have provided our analysis to the Attorney General's Office.</p>	

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending 9/30/2014

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
20.	Provide details of any work quality or safety/environmental/historical preservation issue(s).	N/A	
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	
<b>C. Miscellaneous</b>			
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	<b>For the Quarter Ending September 30, 2014:</b> Total hours incurred: 1,005.78 hours Total fees incurred: \$276,589.50 Total expenses incurred: \$827.92	
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 T. Faughnan  
 Signature:   
 Date: January 2, 2015

**Appendix A  
Meetings Conducted  
For Quarter Ending 9/30/2014**

**I. Department of Community Affairs**

- A. Melissa Orsen Deputy Commissioner
- B. Timothy Cunningham Assistant Commissioner and Director of Disaster Recovery
- C. David Reiner Assistant Commissioner
- D. Robert Bartolone Director, Office of Auditing
- E. Stephen P. Grady Assistant Director, Housing Recovery Programs
- F. Matthew Lyons Program Specialist, Sandy Recovery Division
- G. Sam Viavattine Program Specialist, Sandy Recovery Division
- H. Paul Regan Assistant Director of Budget and Finance
- I. Jerry O'Brien Auditor

**II. Department of the Treasury**

- A. David Ridolfino Associate Deputy State Treasurer
- B. Jeffrey Burns Investigator

**III. Office of the Attorney General**

- A. Christopher Iu Deputy Attorney General
- B. Christine Hoffman Deputy Attorney General

**IV. Cohn Reznick**

- A. Paul Raffensperger Principal
- B. Frank Banda Partner
- C. Dean Krogman Director
- D. Carolyn Newcomb Manager
- E. Alex Hernandez Auditor
- F. Jennifer Fink Senior Consultant

**Appendix A  
Meetings Conducted  
For Quarter Ending 9/30/2014**

**V. ICF, Inc.**

- A. Al Blankenship                      Director
- B. Keivn Roddy                         Acting Director of Compliance and Monitoring
- C. Thomas Kurek                       Validation Supervisor
- D. Elhadji Niang                        Validation Supervisor

**VI. Gilbane Building Company**

- A. Deborah Pereira                    Vice President/Program CEO
- B. Robert Pumphrey                   Director, CAT Response (RREM Director)
- C. Thomas Neider                     LRRP Program Director
- D. Brian Torres                         Project Manager

**VII. Shaw Environmental, Inc. (a CB&I Company)**

- A. John Moody                         Director, Emergency Response & Recovery
- B. Jo Carroll                             Program Manager

**VIII. CGI Federal, Inc.**

- A. Nawfel Elalami                     Director
- B. William Richey                     Deputy Program Director

**IX. HUD Office of the Inspector General**

- A. Heather Yanello                    Assistant Special Agent in Charge, HUD OIG, Newark Field Office