

State of New Jersey
 Department of the Treasury
 Integrity Oversight Monitoring Reporting Model

Firm Name: Navigant Consulting Inc.
 Engagement: EQ2014-002-P3-DCA Sandy Contracts
 For Quarter Ending: 12/31/2016

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	<p>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 ("CB&I"), 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.</p>	
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	<p>Gilbane (RREM): \$75,272,699; Gilbane (LRRP): \$10,779,415 CB&I/Shaw: \$92,011,031 CGI: \$77,945,831 ICF: \$77,526,398</p>	

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6.	Contract/Program Person/Title	<p>RREM and LRRP: David Mazzuca, Assistant Director, Housing Recovery Programs, DCA; Terrie Quintero, Senior Contracting Manager, DCA</p> <p>SIROMS and Sandy Grant Manager Module ("SGM"): Joyce Paul, SIROMS Manager.</p> <p>ICF: Elizabeth Mackay, Assistant Director, Procurement & Legal</p>	
7.	Brief Description, Purpose and Rationale of Project/Program	<p>RREM provides CDBG-DR awards of up to \$150,000 to eligible homeowners to restore homes damaged by Superstorm Sandy.</p> <p>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.</p> <p>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.</p> <p>SGM, a grant tracking system, was developed by CGI. It has replaced the eGrant system developed by HGI.</p> <p>ICF provides strategic advice, program implementation, subject matter expertise and staff augmentation services to DCA.</p> <p>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. In May 2015, DCA and HGI entered into a mutually agreed settlement to resolve HGI's performance issues and the amounts billed by HGI and unpaid by DCA. 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	

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9.	Amount Expended to Date	Amounts are based on current invoice totals as of December 31, 2016: Gilbane (RREM): \$59,584,415; Gilbane (LRRP): \$9,373,547 CB&I/Shaw: \$67,348,794 CGI Federal: \$62,206,609 ICF: \$68,718,399	
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 December 31, 2016: RREM (Gilbane/CB&I Shaw): approximately 77% LRRP (Gilbane): approximately 90% SIROMS/SGM (CGI): approximately 80% ICF: approximately 89%	
12.	Expected Contract End Date/Time Period	RREM (Gilbane & CB&I Shaw): May 22, 2017 LRRP (Gilbane): June 30, 2017 CGI: May 24, 2017 ICF: May 24, 2017	
B. Monitoring Activities			
13.	If FEMA funded, brief description of the status of the project worksheet and its support.	N/A	

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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 Fourth Quarter 2016 focused principally on three areas: (1) reviewing the invoices of the RREM Contractor Gilbane and their hazmat subcontractors; (2) continuing our draw request and payment review and (3) continuing our comprehensive technical electronic analysis of RREM and LRRP application data to identify potentially problematic files for further review. During this quarter, we conducted nine (9) meetings or teleconferences with State of NJ Department of the Treasury, DCA, Gilbane and CB&I.</p> <p>A. Invoice Review:</p> <p>Throughout the Quarter, we continued our review of Gilbane's hazmat subcontractor ("subcontractor") invoices and related supporting documentation, and continued:</p> <p>(1) Follow up discussions with Gilbane to obtain clarification and supporting documentation to address the potential subcontractor invoice discrepancies that were reported in the prior Quarter's report;</p> <p>(2) Updating our invoice database based on additional relevant supporting documentation provided by Gilbane; and</p> <p>(3) Our review of subcontractor invoices, hazmat reports and related supporting documentation to identify and track additional potential discrepancies in the subcontractor invoiced amounts.</p> <p>Navigant reported in the prior Quarter's report that we were performing an analysis of invoices submitted by two of Gilbane's subcontractors which revealed potential findings and that in this Quarter we would (1) continue to follow up with Gilbane to obtain the necessary additional supporting documentation and (2) quantify the invoice discrepancies that may result in a credit to the State. Navigant provides the following updates with regards to the potential findings that were reported in the prior Quarter's report:</p> <p><u>Potential Findings for Gilbane Subcontractor #1</u></p> <p>According to our review, Subcontractor #1 submitted invoices totaling approximately \$1.98 million. These invoices were also included with Gilbane's invoice submissions to DCA.</p>	

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		<p>During the quarter, our review of the detailed invoice support provided for this subcontractor determined a preliminary invoice discrepancy totaling \$13,384 that was overbilled to, and previously paid by, DCA. The invoice discrepancies involved the following four categories: 1) billing for more than one daily shift rate for two hazmat inspectors, which total \$3,400; 2) differences between the invoiced quantities of hazmat samples collected from RREM/LRRP applicants' homes and the quantities reflected on the laboratory analysis reports, which total \$3,694; 3) invoice summation errors, which total \$1,940; and 4) billings for preparation of abatement cost estimates that were not reflected or supported in the hazmat reports, which total \$4,350.</p> <p>During the quarter, Navigant followed up with Gilbane to obtain additional supporting documentation in order to finalize this analysis. During the next quarter, Navigant expects to review the additional support and prepare the final quantification of the total potential overbilled amount, and the amount of credit that the State should expect from Gilbane.</p> <p><u>Potential Findings for Gilbane Subcontractor #2-</u> According to our review, Subcontractor #2 submitted invoices totaling approximately \$1.1 million. These invoices were also included with Gilbane's invoice submissions to DCA.</p> <p><u>Finding A: Overbilling for Duplicate Shift Rates:</u> In our prior Quarter's report, we reported that this subcontractor's invoices included potential discrepancies wherein the subcontractor billed more than one \$1,700 daily shift rate when more than one field inspector visited and performed a single hazmat inspection on the same day and other related duplicate billings for return visits to conduct hazmat inspections. These billings for duplicate shift rates totaled \$34,500 and were passed through by Gilbane to DCA for payment. During the quarter, Navigant finalized its review of the remainder of this subcontractor's invoices and determined that this subcontractor overbilled a total of \$50,900 related to duplicate daily shift rate billings.</p>	

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		<p><u>Finding B: Overbilling Due to Quantity, Unit Price and and Calculation Errors:</u></p> <p>Navigant’s analysis also identified three additional types of invoice discrepancies totaling \$18,307. These discrepancies were also passed through by Gilbane to DCA for payment. These invoice discrepancies fell into the following three categories:</p> <p>(1) Differences between the invoiced quantity of hazmat samples collected from RREM/LRRP applicants’ homes and the quantities reflected on the laboratory analysis reports. These differences total \$3,707;</p> <p>(2) Billings for collecting hazmat samples at higher unit prices than authorized in the subcontract agreement. These differences total \$12,732; and</p> <p>(3) Miscellaneous invoice summation errors totaling \$1,868.</p> <p>The total amount of invoice discrepancies from Finding A and Finding B for this subcontractor is \$69,207. Gilbane concurs with this finding. Accordingly, DCA has retained a percentage of Gilbane’s invoices submitted for payment and will deduct \$69,207 from this retainage in order to effectively process the credit to the State.</p>	

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		<p>B. Meetings and Inspections</p> <p>During the quarter, Navigant participated in meetings with each Gilbane and CB&I in order to perform a detailed review of a sample of draw requests submitted by RREM applicants. Documentation received and maintained by each contractor was reviewed to understand how a draw request was approved at full value, partial value, or denied. Each contractor provided individuals who were able to access documents on SIROMS in either the 'RREM' or 'Funds Requests' modules. A sample of files containing multiple types of Draw Requests, including Reimbursements, Advance Payments, Design Payments, and Pathway A/B/C Payments were reviewed.</p> <p>The review with CB&I was performed in person at CB&I's main field office. CB&I personnel walked us manually through a sampling of randomly selected payments made to applicants in order to understand and assess CB&I's internal process for receiving, reviewing and storing documents provided by individual applicants in support of payment requests. CB&I utilized the 'RREM' module in SIROMS to locate and display the documents that were reviewed.</p> <p>Navigant found that the documents as maintained by CB&I were organized in a manner that would allow for a remote review of draw requests that had been processed. Each draw request included a RREM Program 'cover' page or file outlining the paperwork required for submittal and approval (e.g. Executed Contract, Photos, Certificate of Occupancy, etc...). Each file and payment that was chosen for review contained all the required documentation, and any reduction in the requested amount against the approved amount was easy to identify and fully supported.</p> <p>The review with Gilbane was performed in person at Gilbane's main field office. An initial discussion with the Program CEO, a Senior Project Executive and Project Engineer took place prior to performing a detailed review of a sampling of randomly selected payments made to applicants in order to understand and assess Gilbane's internal process for receiving, reviewing and storing documents provided by individual applicants in support of payment requests. Gilbane utilized both the 'RREM' and 'Funds Requests' modules within SIROMS to locate and display the documents that were reviewed.</p>	

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		<p>Navigant found that the documents as maintained by Gilbane were organized in a manner that would allow for a remote review of draw requests that had been processed. Each draw request included a RREM Program 'cover' page or file outlining the paperwork required for submittal and approval (e.g. Executed Contract, Photos, Certificate of Occupancy, etc...). Each file and payment that was chosen for review contained all the required documentation, and any reduction in the requested amount against the approved amount was easy to identify and fully supported.</p> <p>In the next quarter Navigant will perform a detailed review of the supporting documentation for a random selection of RREM applicants and payments made to applicants. Payments will be reviewed for the ability to locate supporting documents, accuracy of the supporting documents, dates, signatures, invoice support, contracts, grant award agreements, and the ability to understand any adjustments made to requested amounts.</p>	
		<p>C. Technical Electronic Analyses:</p> <p>During the Quarter, Navigant continued our comprehensive review of SIROMS application data to identify potentially problematic applications for further review.</p> <p>This Quarter, the Navigant team continued to perform analysis of applications with the same, or substantially similar, damaged property addresses between RREM and LRRP applications. Specifically, the Navigant team finalized the comparison of twin applicants (i.e RREM and LRRP applications submitted for the same address) contained within a report received from DCA to the results of our independent identification of twin applicants within the RREM and LRRP data. We were able to confirm all twin applicants contained within the DCA report and identified two additional twin applicants for further review in the next Quarter.</p>	

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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.	Navigant obtained (1) from DCA, invoice-related documentation (2) from DCA, supplemental applicant related data (3) from the Contractors, supporting documentation for draw requests made to RREM applicants; regular schedules of their planned RREM applicant meetings and inspections, and most of the remaining documents requested in connection with our review of hazmat subcontractors; and (4) from CGI, data extracts containing the historical RREM and LRRP application structured data available at the time of the data migration, the current RREM and LRRP application structured data available when the extract was prepared, and the current audit trail of changes made to the RREM and LRRP application data available when the extract was prepared. This data and information was utilized in the analyses described in paragraph 14 above.	
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 paragraph 14 above , during this Quarter, Navigant reviewed the subcontractor invoices submitted by the RREM and LRRP Contractors for potential billing irregularities, continued our Pathway B homeowner payment review, and continued our comprehensive technical electronic analyses of RREM and LRRP application data to identify potentially problematic files for further review.	
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	As described in paragraph 14 above , during this Quarter, Navigant continued reviewing the RREM and LRRP Contractor-invoices and their subcontractor invoices, and updated our invoice database to compile relevant invoice details for further analysis. This database enables us to verify the mathematical accuracy of invoiced amounts, validate the invoiced unit rates, identify any second-tier subcontractors, track the amount of the subcontractors' billings to date, track total amounts billed by subcontractors to the terms of their subcontractor agreements or purchase orders, and conduct additional invoice analytics based on the RREM and LRRP application numbers and other key information and underlying source documents. Although the previously reported subcontractor billing issues have been substantially resolved there are a few open issues that will be reviewed and finalized in the next Quarter once the supporting documents have been received.	

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18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	As described in paragraph 14 above, all of Navigant’s work this Quarter was designed to prevent and detect waste, fraud and abuse. Our review of the invoices of the RREM and LRRP Contractors and their subcontractors sought to identify any potential irregularities with billings submitted by the Contractors and their subcontractors; our review of Pathway B homeowner payments continued to identify any potential irregularities in connection with these payments; and our technical electronic analyses of the universe of RREM and LRRP applications sought to identify potentially problematic applications for further review using data extracts from SIROMS.	
19.	Provide details of any integrity issues/findings	As explained in paragraphs 14 above, our review of the invoices of the RREM and LRRP Contractor and their subcontractors identified overbilling by two of Gilbane's subcontractors. These billing issues have been substantially resolved during the Quarter with only a few minor open issues that will be reviewed during the next Quarter. DCA will retain a percentage of Gilbane’s invoices submitted for payment and will deduct \$69,207 from this retainage in order to effectively process the credit to the State. Our technical analysis of RREM and LRRP applications, similar to our previously completed RREM technical analyses, using data extracts from SIROMS to identify and analyze potential applicant eligibility issues will continue through the next Quarter.	
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	

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22.	Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters	N/A	
C. Miscellaneous			
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	For the Quarter Ending December 31, 2016: Total hours incurred: 972.75 hours Total fees incurred: \$260,905.00 Total expenses incurred: \$0	
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: Daniel F. Gill	
Signature:	
Date:	March 31, 2017

**Appendix A
Meetings Conducted
For Quarter Ending 12/31/2016**

I. New Jersey Department of Community Affairs

- | | | |
|----|-------------------|---|
| A. | Samuel Viavattine | Deputy Commissioner |
| B. | Elizabeth Mackay | Assistant Director of Procurement
and Legal |
| C. | Terri Quintero | Sr. Contracting Officer-
Procurement/Legal- Sandy Recovery
Division |
| D. | Anthony Giordano | Auditor -3 |

II. New Jersey Department of the Treasury

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| | Roseann Koval | Deputy Chief of Staff - Division of
Purchase & Property |
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III. Gilbane Building Company

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| A. | Deborah Perriera | VP, Program CEO, LEED BD+C |
| B. | Samir Patel | Senior Project Executive |
| C. | Adrienne Franklin | Senior Project Engineer |

IV. CB&I Shaw

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|----|--------------|--------------------------------|
| A. | Ben Garcia | Community Outreach Coordinator |
| B. | Dan Paetzold | Program & Project Manager |