

Firm Name: Navigant Consulting Inc.  
 Engagement: EQ2014-002-P3-DCA Sandy Contracts  
 For Quarter Ending: 3/31/2017

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 ("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.	
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): \$75,624,764; Gilbane (LRRP): \$12,472,580 CB&I/Shaw: \$92,011,031 CGI: \$91,445,901 ICF: \$77,526,398	
6.	Contract/Program Person/Title	RREM and LRRP: David Mazzuca, Assistant Director, Housing Recovery Programs, DCA; Terrie Quintero, Senior Contracting Manager, DCA SIROMS and Sandy Grant Manager Module ("SGM"): Joyce Paul, SIROMS Manager. ICF: Elizabeth Mackay, Assistant Director, Procurement & Legal	

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7.	<b>Brief Description, Purpose and Rationale of Project/Program</b>	<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.	<b>Contract/Program Location</b>	Trenton, New Jersey	
9.	<b>Amount Expended to Date</b>	<p>Amounts are based on current invoice totals as of March 31, 2017:</p> <p>Gilbane (RREM): \$62,671,120; Gilbane (LRRP): \$10,216,488</p> <p>CB&amp;I/Shaw: \$71,155,327</p> <p>CGI Federal: \$65,787,096</p> <p>ICF: \$72,644,027</p>	
10.	<b>Amount Provided to other State or Local Entities</b>	N/A	
11.	<b>Completion Status of Contract or Program</b>	<p>Completion Status based on contract values and invoiced amounts as of March 31, 2017:</p> <p>RREM (Gilbane/CB&amp;I Shaw): approximately 80%</p> <p>LRRP (Gilbane): approximately 82%</p> <p>SIROMS/SGM (CGI): approximately 72%</p> <p>ICF: approximately 94%</p>	
12.	<b>Expected Contract End Date/Time Period</b>	<p>RREM (Gilbane &amp; CB&amp;I Shaw): May 22, 2018</p> <p>LRRP (Gilbane): June 30, 2018</p> <p>CGI: May 24, 2018</p> <p>ICF: May 24, 2018</p>	

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<b>B. Monitoring Activities</b>			
13.	If FEMA funded, brief description of the status of the project worksheet and its support.	N/A	
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 activity for the First Quarter 2017 focused principally on three areas: (1) reviewing the invoices of the RREM Contractor Gilbane and one of their hazmat subcontractors; (2) continuing our homeowner draw request review and (3) continuing our technical electronic analysis of RREM and LRRP application data to identify potentially problematic files for further review. During this quarter, we conducted four (4) meetings or teleconferences with State of NJ Department of the Treasury and DCA.	
<b>A. Invoice Review:</b>			
		<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) Reviewing 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 continuing an analysis of invoices submitted by one 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><b>Potential Findings for Gilbane Subcontractor #1</b></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> <p>In our prior Quarter's report, we reported our review of the detailed invoice support provided for this hazmat subcontractor determined a preliminary invoice discrepancy totaling \$13,384 that was overbilled to, and previously paid by, DCA. During the quarter, Navigant followed up with Gilbane to obtain additional supporting documentation to finalize this analysis. Gilbane provided Navigant with additional hazmat lab reports and information that were not included in the documentation that Navigant previously reviewed when Navigant calculated the preliminary invoice discrepancy. Gilbane also provided information to Navigant related to additional hazmat inspections that the subcontractor performed that were not previously billed to the State. Based on the review of the additional documentation, Navigant finds that there remains an invoice discrepancy of \$8,634 based on invoices that were submitted. This finding has been provided to the DCA for final disposition. Navigant considers the invoice analysis for this hazmat subcontractor to be complete.</p>	

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		<p><b>B. Draw Request Review</b></p> <p>During the quarter, Navigant performed a detailed review of draw requests submitted by homeowners that were recommended for approval by the RREM contractor(s) resulting in payments made to the applicants. A random sample of the approved draw requests submitted to both Gilbane and CB&amp;I were selected for the detailed review.</p> <p>The review was performed using information maintained by both Gilbane and CB&amp;I on SIROMS as confirmed in the previous quarter. The documents were reviewed for the basis of approval and adequacy of supporting documentation. Draw requests covering Reimbursements, Advance Payments, Design Payments and Pathway A/B/C Payments were reviewed. Draw requests covering 601 RREM applicants (often multiple payments per RREM applicant) were reviewed.</p> <p>The review was performed in order to identify both draw specific (e.g. missing documentation), and process related items that may require follow-up with Gilbane, CB&amp;I and DCA. In addition to ensuring the required supporting documentation for draw requests was present, a detailed review of supporting documents was performed to audit the values and relevance to those utilized in the approved draw requests.</p> <p>Document types that were reviewed include, but was not limited to: Draw Request Forms, Contractor Validation Forms, and Supporting Invoices from Home Builders, Home Lifters, Designers, Suppliers, etc...</p> <p>In the next quarter Navigant will summarize our findings from its draw request review. Any potential adverse findings will be shared with Gilbane, CB&amp;I, and DCA in order to identify any areas requiring further research and for proper resolution/disposition of any items that have been identified.</p> <p><b>C. Technical Electronic Analyses:</b></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 completed our technical analysis of applications with the same, or substantially similar, damaged property addresses between RREM and LRRP applications. In previous Quarters, the Navigant team performed: (1) an independent, phased identification of RREM and LRRP applications with the same, or substantially similar, damaged property addresses, and (2) a subsequent comparison of the twin applicants identified by Navigant to a listing received from DCA. Through this analysis, Navigant confirmed the twin applicants contained within the DCA report and identified two additional twin applicants for further review. This Quarter, the Navigant team performed a review of the final two twin applicants and identified no adverse findings. This conclusion signifies the completion of Navigant's twin applicants analysis.</p>	

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15.	<p><b>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.</b></p>	<p>Navigant obtained SIROMS data related to our homeowner draw request review, regular schedules of their planned RREM applicant meetings and inspections, and the remaining documents requested in connection with our review of one of Gilbane's hazmat subcontractors. This data and information was utilized in the analyses described in paragraph 14 above.</p>	
16.	<p><b>Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.</b></p>	<p><b>As described in paragraph 14 above</b>, during this Quarter, Navigant reviewed the subcontractor invoices submitted by the RREM and LRRP Contractors for potential billing irregularities, continued our homeowner draw request review, and continued our technical electronic analyses of RREM and LRRP application data to identify potentially problematic files for further review.</p>	
17.	<p><b>Have payment requisitions in connection with the contract/program been reviewed? Please describe</b></p>	<p><b>As described in paragraph 14 above</b>, 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 enabled 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. The previously reported hazmat subcontractor billing issues have been resolved and Navigant's hazmat invoice analysis is complete.</p>	
18.	<p><b>Description of quarterly activity to prevent and detect waste, fraud and abuse.</b></p>	<p><b>As described in paragraph 14 above</b>, 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 one of their subcontractors sought to identify any potential irregularities with billings submitted by the Contractors and the subcontractors. This analysis was completed during this quarter. We also continued our homeowner draw request review 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.</p>	

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19.	Provide details of any integrity issues/findings	As explained in paragraphs 14 above, our previous quarterly reports discussed our review of the invoices of the RREM and LRRP Contractor and their subcontractors which identified potential overbilling of one of Gilbane's subcontractors. These billing issues have been resolved during the Quarter and the analysis is now complete.	
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	

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<b>C. Miscellaneous</b>			
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	For the Quarter Ending March 31, 2017: Total hours incurred: 1024.80 hours Total fees incurred: \$277,200.00 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

Date: July 1, 2017

**Appendix A**  
**Meetings Conducted**  
**For Quarter Ending 3/31/17**

**I. New Jersey Department of Community Affairs**

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

**II. New Jersey Department of the Treasury**

- |  |               |  |
|--|---------------|--|
|  |               | Deputy Chief of Staff - Division of<br>Purchase & Property |
|  | Roseann Koval |  |