



EXECUTIVE SUMMARY

DEPARTMENT OF COMMUNITY AFFAIRS DISASTER RELIEF – SUPERSTORM SANDY SELECTED CONTRACTS July 1, 2016 to August 31, 2020

We found that financial transactions included in our testing were reasonable, were properly recorded in the accounting systems, and were paid in compliance with contract requirements; however, we identified weaknesses in the department's procedures to ensure monitoring controls were implemented in accordance with the contract. These weaknesses were related to monitoring construction management and the completion of quarterly quality check reports. We also found select general controls over Sandy Integrated Recovery Operations and Management System (SIROMS) were adequate. In making this determination, we noted an internal control weakness and a matter of compliance with a state policy related to user system access.

AUDIT HIGHLIGHTS

- The contract requires the vendor to conduct site inspections every 45 days to ensure construction progress is continual. We found 57 of 263 site inspections (22 percent) exceeded the 45-day threshold, ranging from 1 to 179 days late. Additionally, the site inspection form was not documented for 107 of the 263 site inspections (41 percent) conducted. The site inspection form documents construction progress and provides evidence that the site inspection was completed.
- Final inspections are performed to determine whether the applicant's scope of work has been completed as required. We found final inspections were not completed timely for 39 of 50 sampled applications (78 percent). While there may be reasons for some of the delays between the receipt of the Certificate of Occupancy and the final inspections, there are no means for the department to determine if final inspections were performed timely.
- The contract allows the state to assess liquidating damages of \$350 per week per occurrence for failure to conduct the final inspection timely. Since final inspection procedures outlined in the contract are not necessarily what occurs in practice, it would be difficult for the department to estimate and assess liquidated damages using any two specific date data points.
- Fund requests are paid to the applicant upon approval to cover costs associated with the construction project. Per the contract, fund requests are required to be reviewed and approved or rejected by the vendor within 10 business days of receipt. We noted 8 of 40 payment requests (20 percent) were approved or rejected by the vendor after the 10 business day threshold required by the contract. Exceptions ranged from 13 to 74 business days. Following contract requirements ensures applicants are reimbursed for incurred construction expenses in a timely manner.
- Inactive SIROMS users were not disabled in accordance with state policy. Disabling inactive user IDs timely serves as a method to prevent a brute force attack or a continuous process to access agency resources. Based on current policy, we found 47 of 336 SIROMS users (13 percent) who were inactive for 90 days or more.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report, click [here](#).