

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**  
**TASK ORDER REQUEST**  
 [Reference RFP #2022-RFP-144-03]

<b>VENDOR NAME</b>	Deloitte & Touche LLP and K2 Integrity
<b>PROJECT TITLE</b>	Child Care Facilities Improvement Program – Pilot Phase 1 (“Child Care Program”)
<b>DATE</b>	3/31/2023
<b>PROJECT SUMMARY</b>	Integrity Monitoring Services
<b>DATE NEEDED</b>	ASAP
<b>NJEDA CONTACT</b> (Name, Title, Address, E-mail & Telephone Number)	<p><u>For Child Care Program questions:</u>          [REDACTED], Director - Economic Security          [REDACTED]</p> <p><u>For general IOM program questions:</u>          [REDACTED] Director – Legal, Federal &amp; State Compliance          [REDACTED]          [REDACTED] Chief Legal and Administrative Affairs Officer          [REDACTED]</p>
<p><b>Cost Submission:</b> Please provide a cost estimate for the above referenced project, in accordance with the Fee Schedule submitted for <b>RFP #2022-RFP-IPM-144 – Integrity Oversight Monitor</b>. By providing a cost estimate, the Vendor is certifying that there is no Conflict of Interest with the subject request. Within five (5) business days of confirmation of receipt of the TOR Request, the Vendor shall e-mail the Authority a TOR Vendor Response Form provided by the Authority. Each estimate must include a Not-to-Exceed amount and statement as such.</p>	
<p><b>WRITTEN NOTICE TO PROCEED MUST BE PROVIDED BY THE AUTHORITY BEFORE WORK ON THIS PROJECT MAY BEGIN.</b></p>	
<b>PROJECT DESCRIPTION</b>	
<p>For all COVID-19 Recovery programs valued at \$20 million or more, the Engagement/Task Order Requests (TOR) will be provided to the Primary and Secondary contractors. Their responses will be evaluated and awarded accordingly and should include pricing. For all other programs under \$20 million, the TOR will be first provided to the Primary Contractor. In the event that there is a conflict with the Primary Contractor, the task order will be provided to the Secondary Contractor.</p> <p>Pursuant to RFP section 3.3.1, the awardee of this Task Order is requested to perform integrity monitoring services for the above-referenced program in accordance with the <a href="#">COVID-19 Compliance Plan (Feb. 2022)</a> and the <a href="#">Integrity Monitor Guidelines (June 2021)</a>. The awardee must provide quarterly and other reports in accordance with RFP section 3.3.2 utilizing the template attached to the RFP (and available online at <a href="https://nj.gov/comptroller/doc/Integrity%20Monitor%20Report%20Template%20-%20Category%203.docx">https://nj.gov/comptroller/doc/Integrity%20Monitor%20Report%20Template%20-%20Category%203.docx</a>). The awardee will work with the NJEDA’s Accountability Officer and other staff to monitor the above-referenced program.</p> <p>Funding for this program comes from three sources:</p> <ul style="list-style-type: none"> <li>• P.L. 2021, c. 133 (the SFY2022 Appropriations Act) appropriated \$4.45 million from the General Fund to the Department of Human Services for “Child Care Facility Improvements Pilot Program”</li> </ul>	

(which funds were subsequently transferred to the NJEDA pursuant to a Memorandum of Understanding);

- P.L. 2021, c. 144 appropriated \$54.5 million from the federal Coronavirus State Fiscal Recovery Fund to the Division of Disaster Recovery and Mitigation in the Department of Community Affairs to be made available to the NJEDA for, among other things, grants to childcare providers for facilities improvements; and
- P.L. 2022, c. 49 (the SFY2023 Appropriations Act) appropriated \$30 million from the federal Coronavirus State Fiscal Recovery Fund to the NJEDA for the “Child Care Facilities Fund”.

On May 11, 2022, the Authority’s Board approved using \$14.45 million of this funding for the first phase of the program with the ability to add another \$10 million based on demand. The Board concurrently approved entering into two Memoranda of Understanding:

- An MOU with the Department of Community Affairs pursuant to which DCA would make up to \$20 million in SFRF available to the NJEDA; and
- An MOU with the Department of Human Services pursuant to which \$4.45 million was transferred to the NJEDA.

The approved Board Memorandum (with program specifications/eligibility criteria) and two Memoranda of Understanding are attached.

Applications opened on November 15, 2022. The program began issuing approvals on March 17, 2023.

The Engagement/TOR shall run from the effective date until the Child Care Program has disbursed all funding and completed any post-award compliance work.

Deliverables:

- Quarterly Reports

Monitors shall submit draft quarterly reports to the Authority on the last day of the quarter detailing the specific services rendered during that quarter and any findings of waste, fraud, or abuse in accordance with the report templates found on OSC's website. The draft quarterly report is submitted to the Authority with a copy to [TreasuryIM@treas.nj.gov](mailto:TreasuryIM@treas.nj.gov).

Prior to the posting of a quarterly report that contains findings of waste, fraud, or abuse, the Authority shall be permitted to respond to the findings and have that response included in the publicly posted report. This will allow the Authority to highlight any course corrections as a result of the finding or to contest any finding that it contends is inappropriate. An Authority response is due within fifteen (15) business days after receipt of a quarterly report. Fifteen business days after the quarter-end, the Monitor will deliver its final quarterly reports, inclusive of any comments from the Authority to [TreasuryIM@treas.nj.gov](mailto:TreasuryIM@treas.nj.gov) for distribution to the State Treasurer, the GDRO, the Senate President, the Speaker of the General Assembly, the Attorney General and the OSC.

The Monitor quarterly reports will be posted on the GDRO transparency website pursuant to the Executive Order. The topics covered by the quarterly report should include the information included in the templates downloadable from OSC's website.

- Additional Reports

Monitors must promptly prepare responses for OSC inquiries. OSC, GDRO and the State Treasurer may request that Monitors prepare additional reports or prepare additional memoranda that will assist OSC in evaluating whether there is waste, fraud, or abuse in recovery programs administered by Recovery Plan Participants.

OSC may also request that Monitors or Recovery Program Participants share corrective action plans prepared by Recovery Plan Participants to address reported deficiencies and to evaluate whether those corrective plans have been successfully implemented.

**ADDITIONAL PARTIES TO RELY ON THE RESPONSE**

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
TASK ORDER REQUEST  
CONFLICT OF INTEREST CERTIFICATION STATEMENT  
[Reference RFP #2022-RFP-144]

I hereby certify that I am an authorized representative of the Vendor and can provide this Conflict of Interest Certification Statement on the Vendor's behalf.

I hereby certify and attest that to the best of my knowledge that the Vendor does not have a direct, familial, personal or monetary interest in the business entity, business site or project indicated below; nor does the Vendor or any employee, agent and/or representative of the Vendor currently have or have had any previous or existing personal or professional relationships with, interaction with, or done business with the project-specific business, site and/or with the current or previous owner(s). Further, neither Vendor nor any employee, agent and/or representative of the Vendor is now or has been employed by, or is a principal of, or is affiliated with the respective business, business sites, owner(s) or project involved with the Task Order Request (TOR) named below, in any manner.

To the best of my knowledge, neither the Vendor or any employee, agent or representative of the Vendor hold any ownership interest in the respective Task Order Request businesses or business sites which are the subject of the work to be performed, nor does Vendor under contract (other than the Authority Contract) to perform work or services, including representation for the same businesses or business sites referenced in the Task Order Request for the work to be performed.

During the performance of the work for the Task Order Request, should a conflict of interest arise, whether real or perceived, Vendor will immediately notify the New Jersey Economic Development Authority's Designated Contract Manager of the conflict and await the Authority's review and decision regarding Vendor's further participation.

I understand that, should a conflict exist, whether real or perceived, in the sole discretion of the Authority, Vendor shall immediately recuse itself from the work to be performed. In the event Vendor declines to complete and execute this Conflict of Interest Statement, Vendor understands that it will be removed from the work.

TASK ORDER REQUEST DETAILS:

TOR 3 under 2022-RFP-144

RFP #

Child Care Facilities Improvement Program IOM

RFP Title

Vendor hereby certifies and attests that, to the best of my knowledge, there is no conflict of interest, as indicated above, that would affect Vendor's ability to accurately, effectively and impartially perform the work required on the specific Task Order Request.

Vendor hereby recuses itself from participating in the performance of any work required on the specific Task Order Request for the following reasons:

Michael Bernstein

Vendor Employee Name



Vendor Employee Signature

Director, K2 Integrity

Title

April 10, 2023

Date

Bradley Sussman

Vendor Contract Manager Name



Vendor Contract Manager Signature

Managing Director, K2 Integrity

Title

April 10, 2023

Date



INTEGRITY MONITORING

# K2 Integrity - Bid Submission-2022-RFP-144 – Integrity Oversight Monitor:

## Task Order Request – Child Care Facilities Improvement Program – Pilot Phase 1 (“Child Care Program”)

Prepared for:  
New Jersey Economic Development Authority

**Attention:**  
[REDACTED]  
Director – Legal, Federal & State Compliance  
New Jersey Economic Development Authority  
36 West State Street  
P.O. Box 990  
Trenton, NJ 08625-0990

April 26, 2023

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# 1. Management Overview and Technical Approach

## 1.1. Introduction

K2 Integrity, operating through K2 Intelligence, LLC (referred to herein as “K2 Integrity”) appreciates the opportunity to submit a proposal to the New Jersey Economic Development Authority (“EDA” or “the Authority”) to provide Integrity Oversight Monitor (“IOM”) services, Task Order Request (“TOR”) for the **Child Care Facilities Improvement Program – Pilot Phase 1 (“Child Care Program”)**.

K2 Integrity is the preeminent risk, compliance, investigations, and monitoring firm — built by industry leaders, driven by interdisciplinary teams, and supported by cutting-edge technology to safeguard our clients’ operations, reputation, and economic security. K2 Integrity represents the merger of K2 Intelligence, LLC an industry-leading investigative, compliance, monitoring, and cyber defense services firm founded in 2009 by Jeremy M. Kroll and Jules B. Kroll, the originator of the modern corporate investigations industry, and the Financial Integrity Network (“FIN”), a premier strategic advisory firm founded by Juan Zarate and Chip Poncy, former senior U.S. Treasury and government officials, dedicated to helping clients achieve their financial integrity goals.

Our teams include former senior government advisors, regulators, compliance officers, technology professionals, prosecutors, lawyers, law enforcement and intelligence professionals, forensic accountants, investigative journalists, and academics, each bringing a unique set of risk management, investigative, and advisory skills and perspectives to the client’s situation.

Headquartered in New York with offices in London, Washington, DC, Madrid, Geneva, Doha, Los Angeles, and Chicago, K2 Integrity employs a total global staff of more than 300 and maintains deep, diverse global networks. We act as advisors to governments, financial institutions, companies, and high-net-worth individuals; our clients frequently include public entities and authorities along with private companies across a wide variety of business sectors.

K2 Integrity advises governments, companies, boards, and individuals in business areas including integrity monitoring, investigations and disputes, regulatory compliance, cyber defense, construction and real estate, strategic risk and security, and private client services. We also assist financial institutions and governments with strategic advisory, policy, controls, and training to protect against the full range of illicit financing threats.

K2 Integrity is known for its strategic application of technology. Whether it is sophisticated digital forensic tools, deep web search capabilities, or sophisticated analytic platforms for interrogating massive data sets, we consistently produce efficient results for clients by knowing how and when to employ innovative technology.

K2 Integrity leverages unmatched multidisciplinary experience to develop cutting-edge solutions, stimulate business opportunities, and shape global economic security in a complex world. Whether it’s protecting clients’ assets or navigating the complex financial regulatory landscape to help clients identify, manage, and mitigate risk, K2 Integrity is a trusted advisor striving to meet and exceed clients’ goals in a rapidly changing world.

K2 Integrity is confident it can assist the Authority and provide a monitoring plan that can perform the requested services. We are uniquely qualified to provide the services requested in the Authority’s RFP. No other firm possesses decades of experience, depth of proprietary intelligence, and expertise in performing such services. As explained below, in 2020-21, we performed very similar IOM services on five engagements including for the Authority and other New Jersey agencies in which we monitored the expenditure of Covid-19 relief funds.

## 1.2. Management Overview and Technical Approach to Achieve the Scope of Work

K2 Integrity understands that the TOR calls for integrity monitoring services for the Child Care Program. The Child Care Program will provide grants for total project costs between \$50,000 and \$200,000 to licensed child care providers (e.g., “centers” or “providers”) as of June 4, 2021, to make improvements to their child care facility. Further, the Child Care Program began issuing grant approvals starting March 17, 2023, and will continue to do so for a period of three (3) years or until all funds are expended.

K2 Integrity is prepared to review the following:

- **Eligible Applicant:**
  - Licensed by the New Jersey Department of Children and Families (“DCF”) as of June 4, 2021.
  - Currently enrolled or have enrolled in the 12 months prior to the date of application, at least one (1) child receiving support through New Jersey Department of Human Services (“DHS”) Child Care Assistance Program.
  - For-profit businesses or non-profit organizations.
  - Can own or lease space.
    - Landlord certification required if leased property (landlords are not eligible to apply directly) Deed, property tax statement, or proof of mortgage payment required if property is owned.
  - Must be in good standing with:
    - New Jersey Department of Labor and Workforce Development (“DOL”).
    - New Jersey Department of Environmental Protection (“DEP”).
    - New Jersey Division of Taxation, as evidenced by a Tax Clearance Certificate.
    - DCF.
    - DHS.
  - Applicant must not be debarred from receiving federal funds, as indicated through System for Award Management (“SAM”).
  - Applicants who are not currently enrolled in DHS’ Grow NJ Kids (“GNJK”) quality rating system must commit to enroll within one (1) year of executing a grant agreement with the EDA.
  - Grantees must commit to maintaining their licensure with DCF to provide child care for four (4) years following execution of the grant agreement at the location of the facility improvement project.
  - Applicants are limited to one (1) application per DCF licensed child care center location, and two (2) applications per Employer Identification (EIN).
  - Total project costs must be between \$50,000 and \$200,000. Grant awards will include an additional 15% of eligible project costs to account for cost overruns.
  - Contractors conducting facility improvements must be a DOL Public Works Registered Contractor and abide by state prevailing wage and affirmative action requirements.



- As part of the application, applicants must submit: A detailed description of proposed project(s), to ensure consistency with eligible uses with proposed project cost between \$50,000 and \$200,000.
  - At least one quote per DCF-licensed child care center location that details the full cost of proposed project(s) to occur at that location. All quotes must be from contractors that are registered with DOL as a Public Works Registered Contractor and are consistent with New Jersey state prevailing wage rates.
  - If purchasing furniture, fixtures, and equipment (“FFE”), quotes for the proposed cost of FFE purchases, which can be a formal bid from a vendor and/or printouts/screenshots with prices from online retailer(s) for item(s) to be purchased.
  - Photos of the space(s) where the proposed project(s) will take place.
  - If available at the time of application, project design documents (e.g., architectural renderings or drawings made by a contractor).
  - If applicants lease space, a copy of their lease and a certification from the landlord that they have reviewed and approved the proposed facility improvement(s).
  - If applicants own space, a deed, property tax statement, or proof of mortgage payment.
  - Proposed budget and timeline for the facility improvement project.
- **Eligible Uses**
    - Labor and materials for interior building improvements to:
      - Create additional classroom space in existing location by converting or adapting other rooms to classroom space (e.g., demolition of partitions and infilling existing wall construction, modifying existing exits for sufficient egress, installing diaper change area for new infant/toddler classroom).
      - Create or improve areas to serve as indoor gross motor and/or multi-purpose space.
      - Improve egress and access within the facility (e.g., ramps, sinks with knee clearances) as well as egress and access to the outdoors for children with no or limited mobility.
      - Install, repair, replace, and/or improve:
        - Bathrooms with age-appropriate plumbing and child height fixtures (e.g., toilets, sinks) that are in or adjacent to classrooms, including touchless fixtures, toilet partitions and doors, ceiling tiles, light fixtures, flooring, paint.
        - Child height handwashing sinks in classrooms, including touchless fixtures.
        - Windows in classrooms and common areas (e.g., install child height windows to allow for more natural light, repair window with ventilation issues, replace window that is unable to open, replace windows with energy efficient model, install blinds or glass glazing systems, install banisters or window guards).
        - Flooring (e.g., carpets in poor condition, new flooring for bathrooms).
        - Fire safety and fire protection systems (e.g., sprinklers, smoke detectors).
        - Indoor air quality systems (e.g., HVAC systems upgrades and maintenance, mechanical air exchange system with individual classroom controls, air purifiers).

- Doors, entrances and exits include locking mechanisms.
  - Remediation of environmental issues (e.g., lead pipes, asbestos, including environmental site and remedial investigation).
  - Diaper changing areas.
  - Nursing area, sick child area.
  - Electric and lighting systems.
  - Security systems including security cameras.
  - FFE.
  - Kitchens and food preparation areas.
  - Plumbing (e.g., leaking pipes, drainage issues).
  - Acoustics (e.g., absorptive materials, acoustic panels, ceiling tiles).
  - Secure storage areas (e.g., wall cabinets, cubbies, closets, cot storage, storage for hazardous materials).
  - Stable partitions and/or floor-to-ceiling walls to separate classrooms and improve acoustics.
- Labor and materials for exterior building improvements to:
    - Install, repair, replace and/or improve equipment to provide children with age-appropriate, safe, engaging outdoor play areas:
      - Climbing structures (e.g., adding more cushioning).
      - Creating a separate space for infants.
      - Bollards for parking lots and/or playgrounds.
      - Covered enclosures, shade structures, awnings, outdoor furniture, storage shed o Increase accessibility or to meet code enforcement requirements, e.g., installing or replacing ramps.
      - Address exterior drainage issues.
      - Install, repair, replace and/or improve:
        - Exterior fencing, including security gates.
        - Roofing (e.g., addressing leaking or mold).
        - Decking (e.g., wood that has been deemed a hazard).
        - Sidewalks connecting classrooms.
        - Parking areas (e.g., short-term parking for drop-off).
    - Eligible soft costs (capped at up to 20% of total grant) are limited to:
      - Architect fees.

- Permit fees.
  - Construction management.
  - Freight and shipping delivery.
  - Environmental assessment.
- All work must be conducted in accordance with New Jersey prevailing wage and affirmative action requirements.
  - All proposed projects are subject to third-party review for cost reasonableness.
  - Facility improvement projects must commence within one (1) year of contract execution and be completed within one (1) year of construction start, with possibility for extension at the request of the child care provider and at the discretion of the Authority.

In addition, K2 Integrity understands that the following particulars are part of the requested IOM services:

- Initial program risk assessments.<sup>1</sup>
- Ongoing program risk assessments.
- Evaluation of program performance.
- Evaluation of internal controls associated with the Authority's fiscal management, cash management, acquisition management, property management, and records management capabilities.
- Validation of compliance with sub-grant award agreements, general terms, and special conditions.
- Review of written documents, such as quarterly financial and performance reports, recent audit results, documented communications with the State, prior monitoring reports, pertinent performance data, and other documents or reports, as appropriate.
- Interviews of Authority staff, as well as the constituents they serve, to determine whether program objectives are being met in an efficient, effective, and economical manner.
- Sample eligibility determinations and denials of applications for funding.
- Review of specific files to become familiar with the progression of the disbursement of funds in a particular program, (i.e., are actual expenditures consistent with planned expenditure and is the full scope of services listed in the project work plan being accomplished at the same rate of actual and planned expenditures?).
- Ensuring that the Authority is retaining appropriate documentation, based on Federal and State regulations and guidance, to support fund disbursement.
- Following up with questions regarding specific funding decisions, and reviewing decisions related to emergency situations.
- Facilitating the exchange of ideas and promotion of operational efficiency.
- Identifying present and future needs.
- Promotion of cooperation and communication among Integrity Monitors engaged by other Recovery Programs Participants (e.g., to guard against duplication of benefits).

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<sup>1</sup> This task is included in the NJEDA Task Order Request - Risk Assessment issued on March 24, 2023.

- Supporting services, including analysis of internal processes in support of Federal compliance and efficient and effective delivery of program.

### **1.3. General Approach**

Designing, implementing, and managing proactive integrity monitoring and anti-fraud engagements is a core competency of K2 Integrity. As a result, K2 Integrity has an intimate understanding of the risks inherent in federal grant and disaster recovery programs, and knowledge of how to apply our methodologies in an independent fashion while collaborating and calibrating our work with decision-makers.

K2 Integrity has performed this type of work with multiple agencies in the past and continues to do so. In 2020 through 2021, we were instrumental in assisting the Authority, The New Jersey Department of Agriculture, the New Jersey Department of State, the New Jersey State Police, and the New Jersey Office of Higher Education in monitoring their expenditures of Covid-19 recovery funds.

We have performed integrity monitoring for major disaster recovery engagements since 2001, with our work on the clean-up of the World Trade Center site. Since then, we have performed these services in other engagements for a host of government agencies, including the New Jersey Department of Environmental Protection, the New Jersey Transit Corporation, the Port Authority of New York & New Jersey, the New York State Empire Development Corporation, and the Metropolitan Transportation Authority. Our experience on these past and current disaster recovery engagements allows us to design and implement efficient monitoring methodologies that will minimize the time and expense required to perform the services required on the engagement.

Our proposed work plan approach, as further described in the following sections of this document, focuses on practicality and real-world solutions to how grant funds and grant disbursements are managed. Our years of integrity monitoring experience enable us to target engagement-specific risks, not wasting resources in areas that do not require scrutiny. As we identify problems, we strive to get to the heart of the matter and design solutions to address and prevent integrity issues without burdening the engagement's progress. We also follow through to ensure that proposed solutions work and do not adversely impact the fulfilment of our clients' goals.

We understand that our clients have limited resources. We understand that while we cannot effectively monitor every transaction on every engagement, we maximize our efforts to focus on those activities or transactions most susceptible to risks of fraud, waste, and abuse. We can accomplish these objectives successfully, despite our clients' resource limitations, because we employ a cost-effective, intelligence-driven approach designed to identify the areas of greatest risk (both in terms of impact and likelihood of occurrence), and the controls in place to mitigate those risks, so that we can target the use of our resources and make our sampling of processes and controls maximally effective. This pragmatic approach avoids duplication of the routine operational reviews of grant management controls and processes and provides a value-add for an affordable cost.

K2 Integrity's approach is distinguished by the following characteristics:

#### **Solutions-oriented, Not Process-Driven**

We believe that there is no such thing as a routine situation. We work to understand the problem before coming up with the solution. We are experts at analyzing internal data, documents, and communications and marrying that to market and situational intelligence to give our clients an edge.

#### **Decades of Combined Experience**

Our senior practitioners bring decades of experience as leaders in their fields and deliver the best solutions to our clients.

## **Strategic Application of Technology**

Whether using sophisticated digital forensic tools, analytic platforms for interrogating massive data sets, or cutting-edge case management systems, K2 Integrity consistently relies on technology to deliver the most effective solution to our clients.

## **Tailored to the Needs of the Client**

We address client challenges from every possible angle and work tirelessly to craft solutions as quickly and efficiently as the particular situation requires. Our investigations frequently support the legal strategies of law firms.

## **Multidisciplinary Breadth**

Our teams can engineer multifaceted solutions that always put our clients' needs first. Using the latest technological, data, and analytical tools, our teams address client challenges from every angle and discipline to craft solutions.

## **Nimble Teams**

With global experience and local knowledge, we are able to go anywhere in the world at a moment's notice, including many remote or difficult locations. In addition to drawing on our own collective experience, we partner with a worldwide network of experts and practitioners in every field and capacity. This footprint allows us to service client needs wherever and whenever they arise.

## **Independence and Insight**

We are proud of what we have come to stand for: good outcomes, honest outcomes, and a reputation not only for risk advisory, consulting and compliance excellence, but for our independence and insight. Because of it we are trusted by governments around the world.

## **1.4. Addressing Potential Problems**

Given our extensive experience assisting agencies such as the Authority, The New Jersey Department of Agriculture, the New Jersey Department of State, the New Jersey State Police, and the New Jersey Office of Higher Education in monitoring their expenditures of Covid-19 recovery funds, we feel fully equipped to effectively handle any problems that may arise over the scope of this engagement. Our recent engagement with the Authority has given us specific familiarity with Agency procedures, programs, and staff, and should mitigate any potential problems that may arise.

## **1.5. Proposed Work Plan**

Upon notification of an award and execution of a written engagement letter for a Task Order, K2 Integrity professionals will work closely with NJEDA to plan and conduct the following four-phases of work to assist NJEDA in achieving its objectives:

### **1.5.1. Kickoff and Identification of Monitorship Needs**

#### **Objective**

During this phase of work, K2 Integrity will work with the NJEDA to plan and scope the project to ensure that key stakeholders are aligned with the project objectives, related deliverables, and timelines.

#### **Project Kick-off Meeting**

During this initial phase of work, K2 Integrity will coordinate a project kick-off meeting with key NJEDA personnel. The purpose of the kick-off meeting is to ensure that all stakeholders are aligned on the project objectives, scope, timelines, and deliverables.

## **Preparation of an Information Request**

K2 Integrity will prepare a preliminary information request including relevant policies, procedures, and internal controls implemented by NJEDA. This may include, but will not necessarily be limited to the following:

- Documentation evidencing processes, controls, and technologies implemented to support the execution of applicable programmatic, financial, and administrative requirements set forth in Federal-State grant agreements, sub-grant award agreements, and applicable Federal and State laws, regulations, and guidelines in its administration of American Rescue Plan State and Local Fiscal Recovery Funds (“ARP CSFRF”); Additional programmatic funds received from the New Jersey Department of Human Services (“DHS”); and other Federal Agency for this purpose and subject to an Integrity Oversight Monitoring requirement.
- Results of quality assurance reviews and assessments associated with the payments process to ensure that they are following Federal and State regulations.
- Grants management policies and procedures.
- Accounting policies and procedures including, but not limited to, procurement, payments, expense reimbursement process, financial reporting, and accounts reconciliation process.
- Code of conduct, compliance program, and other governance related documentation.
- Results of prior risk assessments and related risk and control matrix.
- Audit reports including the identification of prior internal control deficiencies and management’s response regarding the same.
- Board memoranda related to the program subject to monitorship.
- Periodic reports and other financial reports that NJEDA produces or receives in its management of the grants and its program utilizing grant funding.
- Sub-grantee application processing data.

## **Identify Expenditures Subject to Monitorship**

- K2 Integrity will review information obtained to identify funds subject to monitorship and develop a schedule for operational and internal controls review.
- K2 Integrity understands that NJEDA currently estimates \$24.45 million subject to monitorship, broken down by \$20 million in ARP CSFRF, \$4.45 million in fiscal year 2022 state funds from DHS, and that 40% of the total grant funding made available in the Child Care Program will be reserved for eligible applicants in Opportunity Zones.
- K2 Integrity recognizes that during the pandemic the Authority provided grants to over 1,300 child care providers across the state and that the population of licensed providers maybe a subset of this population.
- K2 Integrity understands there were 4,048 licensed child care providers in NJ and approximately 1,441 are eligible for the current phase of the Child Care Program.

## **1.5.2. Ongoing Program Risk Assessment**

### **Objective**

K2 understands that the scope of work for the initial risk assessment for the Child Care Program is included separately in the NJEDA Task Order Request (“TOR”) for Risk Assessment released on March 24, 2023. As such, K2 Integrity will review the risk assessment created under that TOR and will provide any ongoing risk assessment services as needed including, but not limited to: (i) reviewing the operational effectiveness of key control activities against the

initial risk matrix to determine residual risk, and (ii) updating the risk assessment to address information obtained throughout the monitorship of the Child Care Program. K2 Integrity will ensure that there is no duplication or overlap of services related to the risk assessment.

### **1.5.3. Substantive Testing of Grant Applications**

#### **Objective**

During this phase of work, K2 Integrity will perform monitoring and testing of control operational effectiveness inclusive of transaction testing.

K2 Integrity understands the importance of NJEDA's deadlines, and as such, will be nimble in our approach to conducting tasks in a timely and efficient manner. K2 Integrity professionals will work closely with designated NJEDA personnel to coordinate and perform the following tasks to achieve the project objectives.

#### **Identification of High-risk Areas Subject to Testing**

Based on the reviewed risk assessment from the prior TOR, and knowledge of Child Care Program, K2 Integrity will work with NJEDA to identify potential areas of focus of the transaction testing. This may include, but is not necessarily limited to, the following:

- Sub-recipient application processing, payment, and monitoring;
- Grant management;
- Procurement;
- Payments;
- Financial reporting and reimbursement; and
- Reconciliation.

#### **Review Sub-recipient Grant Applications**

With respect to the sub-recipients, K2 Integrity will request and review the list of sub-recipient grant applications received and select a risk-based sample of transactions for testing using a combination of random and judgmental sampling designed to provide appropriate coverage of populations subject to monitorship and assess potential red flags. Transactional attributes to be tested include, but are not limited to, the following:

- Reviewing determinations and denials of applications for proper action.
- Reviewing documentation from the applicant to determine whether eligibility requirements are met.
- Assess adequacy of documentation provided by the sub-recipient as part of its application.
- Review actual disbursement files to ensure that all planned disbursements agree with actual amounts as stated in the sub-recipient files.
- Ensure that all appropriate supporting documentation was provided to support subrecipient's use of funds.
- Verify that applicants are registered in New Jersey, meet guidelines for grant-specific expenditures, and are in good standing with sister agencies including the New Jersey Department of Labor, Workforce Development, and Department of Taxation.
- Validating sub-recipient banking information of sub-recipients with sister agencies to detect and deter misappropriations of funds.

- Recalculating grant award amounts to determine whether the appropriate value of funds was disbursed.

Utilizing information learned from the risk assessment and initial analysis of data, we will determine the appropriate weighting of random and judgmental sampling to best identify noncompliant and fraudulent transactions. We will identify potential exceptions based on the transactions testing, which will include potential exceptions to established controls as well as potential indicators of fraud, waste, or abuse. We will conduct follow-up inquiries to obtain an understanding of the root cause of the exceptions and provide recommendations regarding control remediation. Testing and follow-up activity will include inquiry, observations, and forensic analysis of books and records to ensure that procedures and controls were executed based on program requirements and that Authority financial data reconcile with transactional and source data.

K2 Integrity’s team of forensic accountants, investigative attorneys, forensic engineers, and investigators are available to conduct onsite monitoring, interviews, and data capture in the event of noncompliance with reporting requirements, unresponsiveness, allegations of misuse of funds, or other high-risk.

K2 Integrity has a vast network of professionals in additional areas of practice, including commercial lending and economic development incentives structuring, who are available to provide services at NJEDA’s discretion should the need arise.

#### 1.5.4. Reporting

K2 Integrity will provide draft quarterly reports to the Authority, with a copy to [TreasuryIM@treas.nj.gov](mailto:TreasuryIM@treas.nj.gov), on the last day of the quarter detailing the specific services rendered and any findings of waste, fraud, or abuse. K2 Integrity will utilize the report templates on the Office of the State Comptroller’s website for submittal.

#### 1.5.5. Engagement Timeline

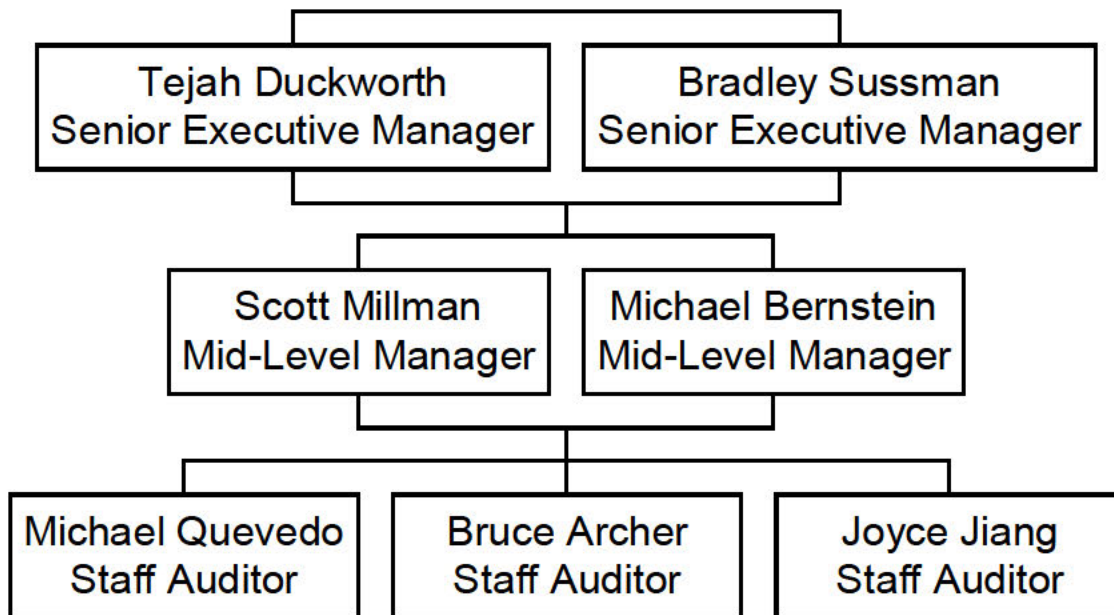
K2 Integrity has prepared the following proposed timeline for the initial year of the Task Order based on the information presently available at the time of proposal. The timeline may need to be adjusted due to circumstances as they arise including, but not limited to, requirements of Task Orders that the Authority may issue.

Key Milestone:	Date:
TOR Award	May 1, 2023
Kick-Off Meeting	May 2, 2023
IOM Information Request	May 4, 2023
Obtain Requested Information	May 9, 2023
Interviews of Authority Stakeholders	May 11, 2023
Conduct Quarterly Compliance Testing	May 12, 2023 – June 15, 2023
Issue Interim Report	June 19, 2023
Draft Quarterly Report Preparation	June 22, 2023
Draft Quarterly Report Submission	June 29, 2023
Quarterly Report Finalization	July 13, 2023
Conduct Quarterly Compliance Testing	July 3, 2023 – September 15, 2023
Issue Interim Report	September 15, 2023
Draft Quarterly Report Preparation	September 20, 2023



<b>Key Milestone:</b>	<b>Date:</b>
Draft Quarterly Report Submission	September 29, 2023
Quarterly Report Finalization	October 13, 2023
Conduct Quarterly Compliance Testing	October 2, 2023 – December 15, 2023
Issue Interim Report	December 19, 2023
Draft Quarterly Report Preparation	December 22, 2023
Draft Quarterly Report Submission	December 29, 2023
Quarterly Report Finalization	January 12, 2024
Conduct Quarterly Compliance Testing	January 2, 2024 – March 15, 2024
Issue Interim Report	March 20, 2024
Draft Quarterly Report Preparation	March 22, 2024
Draft Quarterly Report Submission	March 29, 2024
Quarterly Report Finalization	April 14, 2024

## 2. Organization Chart



### 3. Key Team Member List

Our Key Team Members for this TOR are identified below:

Key Team Member	Proposed Role
Bradley Sussman	Executive Oversight of IOM Team
Tejah Duckworth <sup>2</sup>	Project Management
Michael Bernstein	Management of All Audit Functions

### 4. NJEDA Task Order Request – Vendor Response Form

Attached please find K2 Integrity's TOR Response Form, Exhibit B3, as Appendix 2.

K2 understands that the term of the Child Care Program is up to three (3) years. The estimated amount is based on K2 Integrity reviewing (10) ten percent of the four hundred thirty-five (435) subrecipient applications submitted as of April 19, 2023. K2 Integrity's yearly budget is not-to-exceed \$48,580 for (3) years.

In the event that NJEDA would like K2 Integrity to review additional subrecipients, K2 Integrity will adjust the budget accordingly.

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<sup>2</sup> Please see attached Appendix 1: Resume and References. Resumes and references for all other key team members were provided under K2 Integrity's original proposal dated September 24, 2022.

## Appendix 1 – Resume and References

# Tejah Duckworth

Managing Director

New York

+1 917 281 3282 | tduckworth@k2integrity.com



## **K2 Integrity, New York, NY**

**2018 – Present**

### **Managing Director**

- Participate as a key member in and lead teams in negotiating and implementing integrity monitor programs for public and private clients, including large-scale construction infrastructure projects.
- Work with client management to adopt best practices and internal protocols to eliminate risk and resolve inefficiencies.

## **Department of Investigation, New York, NY**

**2015 – 2018**

### **Inspector General of Vendor Integrity**

- Oversaw the Independent Private Sector Inspector General (IPSIG) / Integrity Monitor program.
- Managed the operations of the unit composed of 7 professional staff including investigators and attorneys that engage in the performance of confidential, highly complex and specialized investigations into allegations of corruption, official misconduct, fraud, waste, and inefficiency involving vendors with City contracts, City agencies and employees related to DOI's IPSIG / Integrity Monitor program.
- Ensured proper internal controls and integrity compliance programs are adopted and;
- Conducted subject interviews, search warrants, arrests, and issue subpoenas.

## **Department of Investigation (DOI), New York, NY**

**2012 – 2015**

### **Director of Vendor Integrity**

- Oversaw twenty-two projects ongoing including (17) monitorships and (5) certifications with audits.
- Over \$2 billion in City goods and services contracts including Hurricane Sandy IPSIG's: New York City's Rapid Repairs Program \$550 million, New York City Housing Recovery Office's Build It Back \$648 million.
- Managed the daily operations of monitor teams ranging from 2-60 staff members per project including lawyers, auditors, and investigators conducting audits and field visits to vendor's primary place of business and/or construction work sites.
- Oversaw financial budgets for all IPSIG's totaling approximately \$17.14M in FY13.
- Responsible for comprehensive vendor background checks related to IPSIGs.

## **Human Resources Administration (HRA), New York, NY**

**2011 – 2012**

### **Director of Vendor Integrity**

- Managed staff responsible for the investigation and generation of reports relating to the integrity of vendors.

- Assisted in the development of policies and standard operating procedures in the preparation of documentation used in vetting vendors.
- Monitored vendor compliance with Prevailing/Living Wage, Project Labor Agreements (PLA's), and other directives regarding local laws via investigations and interviews and recommend corrective actions.
- M/WBE Officer Ensured compliance of all contracts subject to the City's Minority- and Women-owned Business Enterprise (M/WBE) Local Law 129.

**Office of the Mayor, Office of Contract Services (MOCS), New York, NY                      2009 – 2011**  
**Contract Review Analyst**

- Monitored compliance and oversight for NYC's \$15 billion procurement portfolio.
- Ensured procurements were conducted in accordance with the NYC Charter regulations and NYC Procurement Policy Board (PPB) rules.
- Small Purchase Liaison – ensured compliance of the City's Minority- and Women-owned Business Enterprise (M/WBE) local law 129.

**EDUCATION**

Columbia University, New York, NY **2016**  
 M.S., Negotiation and Conflict Resolution

California State University, Northridge, Northridge, CA **2008**  
 B.A., Sociology and B.A. Psychology

**SKILLS**

Relationships and team building, conflict resolution, negotiation, mediation. Proficient in SPSS, Windows Word, Excel,

PowerPoint, Explorer, Outlook, Access, CMS, VENDEX, Automated Procurement Tracking, AS400, and NYC Vendor Source.

Familiar with FMS. Fluent in speaking, writing, and reading Spanish.

**SELECTED REFERENCES**

**1. Angela M. Bethea**  
 Assistant Secretary / CFO  
 Office of the Secretary of Higher Education  
 [REDACTED]

**2. Captain Alan Cook #6781**  
 Bureau Chief  
 Fiscal Control Bureau  
 [REDACTED]

**3. Peter Sertoglou, PE**  
 Governor's Office of Storm Recovery  
 [REDACTED]

## Appendix 2 – Vendor Response Form

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
TASK ORDER REQUEST - VENDOR RESPONSE FORM**

[Reference RFP #2022-RFP-144]

**TASK ORDER REQUEST #3 Child Care Facilities Improvement Program - Pilot Phase 1**

The undersigned, having familiarized himself/herself with the conditions affecting the cost of the work and with the Authority Contract documents agrees to furnish all mobilization, insurances, labor, materials and services, and perform all work as described in the Contract documents, per the rates included in the Fee Schedule. The Contractor is responsible for verifying and estimating all quantities for providing the prices.

<b>CONTRACTOR NAME</b>	K2 Integrity		
<b>PROJECT SUMMARY</b>	Integrity Monitoring Services		
<b>STANDARDIZED POSITIONS/TITLES</b>	<b>HOURLY RATES</b>	<b>NUMBER OF HOURS</b>	<b>PRICE</b>
Senior Executive / Manager	\$340.00	Nine (9)	\$ 3,060.00
Mid-Level Manager	\$290.00	Seventy-two (72)	\$20,880.00
Low-level (or similar title)	\$220.00	One-hundred twelve (112)	\$24,640.00
Administrative/Support Staff	N/A	-	-
<b>TOTAL PRICE</b>			<b>\$48,580.00</b>
<b>Contractor agrees as follows:</b>			
Project completion shall be consistent with the dates outlined on the Task Order Request.			
Scheduling of all work shall be coordinated with the Authority.			
Consultant represents that there is no conflict of interest in the performance of this Task Order Request.			
The Authority is a tax-exempt organization: Federal [REDACTED] State [REDACTED].			

Respectfully submitted,

K2 Integrity  


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 Name of Firm

Bradley Sussman  


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 Name of Individual

*Bradley Sussman* Managing Director  


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 Signature & Title

April 26, 2023  


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 Date



