

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
TASK ORDER REQUEST
 [Reference RFP #2022-RFP-144-04]

VENDOR NAME	Deloitte & Touche, LLP and K2 Integrity
PROJECT TITLE	Sustain & Serve NJ 3.0 (SSNJ)
DATE	4/10/2023
PROJECT SUMMARY	Integrity Monitoring Services
DATE NEEDED	ASAP
NJEDA CONTACT (Name, Title, Address, E-mail & Telephone Number)	<p>For Sustain & Serve program questions. [REDACTED] Director - Economic Security</p> <p>For general IOM program questions. [REDACTED] Director – Legal, Federal & State Compliance [REDACTED], VP, Legal and Compliance</p>
<p>Cost Submission: Please provide a cost estimate for the above referenced project, in accordance with the Fee Schedule submitted for RFP #2022-RFP-IPM-144 – Integrity Oversight Monitor. 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>WRITTEN NOTICE TO PROCEED MUST BE PROVIDED BY THE AUTHORITY BEFORE WORK ON THIS PROJECT MAY BEGIN.</p>	
PROJECT DESCRIPTION	
<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. For all other programs under \$20 million, the task order request 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. This TOR is for a program funded with COVID-Recovery funds totaling over \$20 million. To enable the Primary and Secondary contractors to clear conflicts of interest, the NJEDA is providing a list of approved grant recipients (see attachment).</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 COVID-19 Compliance Plan (Feb. 2022) and the Integrity Monitor Guidelines (June 2021). 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 https://nj.gov/comptroller/doc/Integrity%20Monitor%20Report%20Template%20-%20Category%203.docx). The awardee will work with the NJEDA’s Accountability Officer and other staff to monitor the above-referenced program.</p> <p>The NJEDA seeks an integrity monitor for the third phase of the Sustain & Serve NJ program <i>only</i>. The NJEDA originally approved by the Board in November 2020; the first phase of this program launched in December 2020. As originally approved by NJEDA’s Board, the program made up to \$2,000,000 available for grants to eligible public or private entities of at least \$100,000 to support prospective expenses directly tied to bulk purchasing of meals from</p>	

New Jersey-based restaurants negatively impacted by COVID-19. Additional funding was received, including \$25,915,320.44 of Coronavirus Relief Funds and \$10 million of State funds. Phases 1 and 2 were previously reviewed and are not included in this task order.

Funding for the third phase of this program was announced on November 5, 2021, by Governor Phil Murphy with the allocation of \$10,000,000 of federal American Rescue Plan Coronavirus State Fiscal Recovery Funds (SFRF). The program subsequently received State funding in the amount of \$12,714,469.14 for total funding of \$22,714,469.14.

On February 9, 2022, the Authority's Board approved the third phase of the SSNJ program, using \$10,000,000 SFRF (with the ability to accept up to \$50,000,000 in additional funds to expand the funding pool for this program). The Board also delegated authority to enter into a Memorandum of Understanding (MOU) with the New Jersey Department of Community Affairs (DCA) to receive SFRF. The approved Board Memorandum (with program specifications/eligibility criteria) and Memorandum of Understanding are attached.

Applications for the third phase opened on March 1, 2022 and closed April 1, 2022. The program has 31 approved awardees (who will continue to receive prorated share of any subsequent future funding available to SSNJ). For each grant award, when the awardee incurs eligible expenses, it must request reimbursement from the NJEDA, providing documentation showing that the expenses were actually incurred and are consistent with eligible uses of grant funding (e.g., invoices from eligible restaurants demonstrating the quantity of meals purchased, the cost per meal, and the restaurant from which the meals were purchased, staff timesheets indicating time spent on SSNJ). The NJEDA disburses funds incrementally as it approves expenses/documentation.

The Engagement/Task Order shall run from effective award date until the Sustain & Serve NJ – Phase 3 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.

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 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

ATTACHMENT
List of Approved Grant Recipients for Sustain & Serve NJ 3.0

A Need We Feed Inc.
All Access Community Development Corporation
Atlanticare Foundation, Inc.
Chef Lou's Army Inc
Coalition for Food and Health Equity Inc.
Community Foundation of New Jersey
Cong Bnos Devorah Inc
Eva's Village, Inc.
Front Line Appreciation Group of Millburn Short Hills A NJ NonPI
HealthBarn Foundation Inc.
HMH Hospitals Corporation
Holy Name Medical Center Foundation
Joseph Kushner Hebrew Academy, Inc.
Metuchen Downtown Alliance A NJ Non Profit Co
Mid-Atlantic States Career and Education Center Inc.
Mobile Meals of Trenton/Ewing, Inc.
Morristown Rotary Club Endowment Fund Inc
New Jersey Chaplains Association
New Jersey Farmers Cooperative A NJ Nonprofit Corporation
Our Community Dinner Table A NJ Nonprofit Corporation
POWER CHANGES LIVES INC
Rescue Mission of Trenton N J
Share My Meals Inc.
Soup Kitchen 411, Inc.
T.A.S.K., Inc.
The Cliffside Park Hall of Fame, Inc.
The FoodBank of Monmouth and Ocean Counties, Inc.
The Foundation for University Hospital, A New Jersey Nonprofit Corporation
The Summit Foundation A NJ Nonprofit Corporation
Tomchei Shabbos D'Lakewood
Toni's Kitchen, A Food Ministry Of St. Luke's Episcopal Church A NJ Nonprofit Corporation

**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:

2022-RFP-144: TOR 4
RFP #

Sustain and Serve NJ - Phase 3
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

Senior Director, K2 Integrity
Title
April 17, 2023
Date

Bradley Sussman
Vendor Contract Manager Name

Vendor Contract Manager Signature

Senior Managing Director, K2 Integrity
Title
April 17, 2023
Date



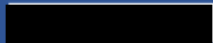
INTEGRITY MONITORING

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

Task Order Request – Sustain and Serve NJ Program – Phase 3

Prepared for:
New Jersey Economic Development Authority

Attention:


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

May 17, 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 **Sustain and Serve New Jersey Program – Phase 3 (“SSNJ 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, Geneva, Doha, Abu Dhabi, Los Angeles, Miami, 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 SSNJ Program. The SSNJ Program will provide grants between \$100,000 to \$2 million to thirty-one (31) approved nonprofit organizations (“Beneficiaries”), of which thirteen (13) have received Federal funding, to purchase meals from New Jersey-based restaurants that have been negatively impacted by COVID-19 and distribute the meals for free to the community. Further, applications for the SSNJ Program opened on March 1, 2022, and closed on April 1, 2022, and the SSNJ Program will run until all funding is disbursed and any post-award compliance work is completed.

K2 recognizes that the thirteen (13) Beneficiaries have received total disbursements in the amount of \$7,761,485.24 as of April 30, 2023. In addition, the Grantees are required to request reimbursement from the NJEDA for eligible expenses incurred and provide supporting documentation such as invoices demonstrating meals purchased from restaurants, the cost per meal, and staff timesheets on the SSNJ Program. K2 Integrity is prepared to review the following:

- **Eligible Applicant:**
 - 501(c)(3) or 501(c)(19) nonprofit organizations that operate under a limited number of NAICS codes.
 - NAICS code 611 (Educational services),
 - NAICS code 62 (Social assistance and health care organizations; inclusive of NAICS code 624210),
 - NAICS code 813 (Religious, grantmaking, civic, professional, and similar organizations), and
 - NAICS code 92 (Public administration).
 - Experienced increased costs as a result of the pandemic’s impact (e.g., increased levels of program service demand and delivery, uncompensated increased in service need, decreased revenue, challenges covering payroll or other operating costs).
 - Demonstrate a track record of bulk meal purchases (at least 1,500 meals totaling at least \$25,000 between March 9, 2020, and date of application launch) from any New Jersey-based restaurant(s) classified under NAICS code 624210 “Community meals, social services”.
 - Up to 50% of past purchases (i.e., 750 meals and \$12,500) can be donated meals from restaurants if applicant can provide invoices verifying the number of means and monetary value.
 - In good standing with Department of Labor (“DOL”).
 - Submit tax clearance certificate from the New Jersey Division of Taxation.
 - May not be barred from receiving federal funds.
- **Eligible Uses**
 - Meal reimbursement cap \$12 per meal.
 - Direct costs of meal purchases (e.g., cost of food and ingredients, labor, packaging, facilities, any profit margin, delivery), and up to 10% of the grant for operational costs. Sales tax and gratuity are ineligible costs.
 - Restaurant operational date June 4, 2021, to coincide with the end of the Public Health Emergency under Executive Order 103.

- Required characteristics of participating restaurants, including physical commercial location in New Jersey, good standing with DOL, tax clearance certificate, good standing with the Division of Alcoholic Beverage Control, inspection certifications from municipal/county, more than 50 full-time employees, not barred from receiving federal funds.
- Prohibited from reselling meals purchased and distributing meals to paid staff employed directly by the grantee organization.

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

- Initial program risk assessments.¹
- 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.²
- 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).
- 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

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

² This task is typically included as part of the programmatic risk assessment. Therefore, K2 Integrity does not anticipate performing this task as part of the SSNJ Program TOR.

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 forming 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 State; 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 \$22.7 million subject to monitorship, broken down by \$10 million in ARP SFRF, \$12.7 million in State funds. K2 Integrity further understands that the program has the ability to accept up to \$50 million in additional funds to expand the funding pool for this program.
- As of April 30, 2023, the total disbursements for all thirteen (13) beneficiaries have been \$7,761,485.24.
- The NJEDA intends to extend the timeline to incur costs until August 31, 2023, with all final reimbursement requests due by September 11, 2023. NJEDA expects that all funds will be disbursed by October 31, 2023.

1.5.2. Ongoing Program Risk Assessment

Objective

K2 Integrity understands that the scope of work for the initial risk assessment for the SSNJ Program may be included separately in the Phase 1 or 2 of this program, or NJEDA 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 SSNJ 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 the SSNJ 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 monitoring 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

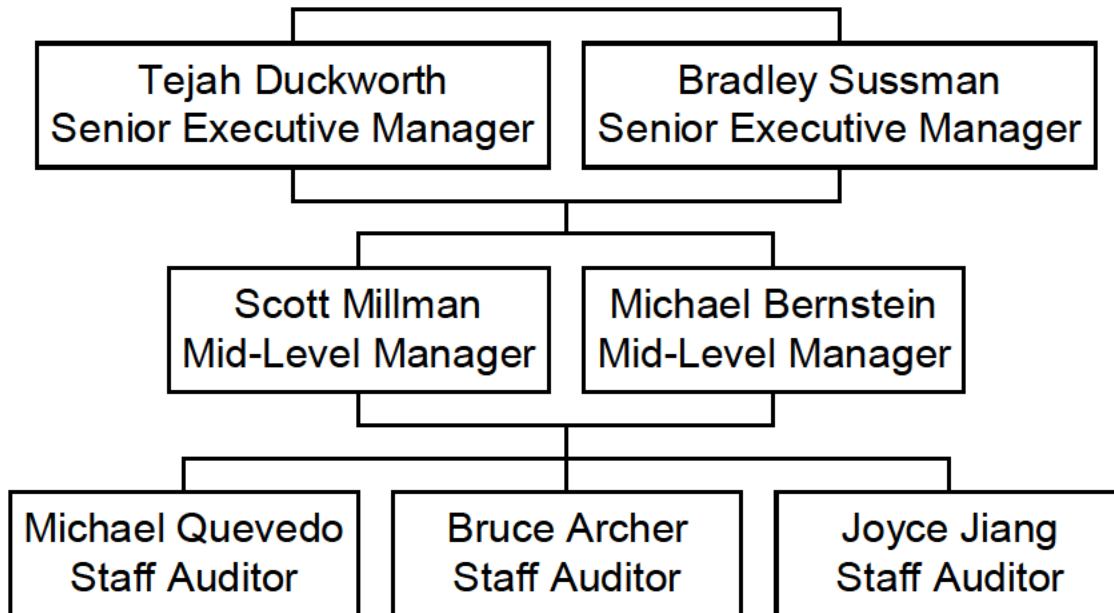
K2 Integrity will provide draft quarterly reports to the Authority, with a copy to TreasuryIM@treas.nj.gov, on the last day of the quarter detailing the specific services rendered and any findings of waste, fraud, or abuse. K2 Integrity will utilize the report templates on the Office of the State Comptroller's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

1.5.5. Engagement Timeline

K2 Integrity has prepared the following proposed timeline for the 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 25, 2023
Kick-Off Meeting	May 29, 2023
IOM Information Request	May 31, 2023
Obtain Requested Information	June 5, 2023
Interviews of Authority Stakeholders	June 7, 2023
Prepare Selections for Quarterly Compliance Testing	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
Draft Quarterly Report Submission	September 29, 2023
Quarterly Report Finalization	October 13, 2023
Commence Quarterly Compliance Testing	October 2, 2023
Finalize Selections from Completed Disbursement Data	November 6, 2023
Complete Compliance Testing	December 11, 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

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	Project Management
Michael Bernstein	Management of All Audit Functions

4. NJEDA Task Order Request – Vendor Response Form

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

K2 Integrity understands that the term of the monitorship over the SSNJ Program is until all funds have been dispersed, which the NJEDA anticipates will occur by October 31, 2023, and all post-award compliance work is completed. As such, K2 Integrity's proposes a budget to reflect the period of the Notice to Proceed to January 15, 2024. K2 Integrity will review the thirteen (13) Beneficiaries who have currently received Federal funding for the SSNJ Program. K2 Integrity's budget for this TOR is not-to-exceed \$29,300.

Appendix 1 – Vendor Response Form

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

[Reference RFP #2022-RFP-144]

TASK ORDER REQUEST #4 - Sustain and Serve NJ - Phase 3

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.

CONTRACTOR NAME	K2 Integrity		
PROJECT SUMMARY	Integrity Monitoring Services		
STANDARDIZED POSITIONS/TITLES	HOURLY RATES	NUMBER OF HOURS	PRICE
Senior Executive / Manager	\$340.00	Five (5)	\$ 1,700.00
Mid-Level Manager	\$290.00	Thirty-six (36)	\$10,440.00
Low-level (or similar title)	\$220.00	Seventy-eight (78)	\$17,160.00
Administrative/Support Staff	\$195.00	-	-
TOTAL PRICE			\$29,300.00
Contractor agrees as follows:			
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
Name of Firm

Bradley Sussman
Name of Individual

Bradley Sussman Sr Managing Director
Signature & Title

5/17/2023
Date

