

INTEGRITY MONITOR ENGAGEMENT AMENDMENT 3
New Jersey State Police
Category 2: Financial Auditing and Grant Management
Contract G4018

THIS INTEGRITY MONITOR ENGAGEMENT AMENDMENT (this "Amendment") is entered into by and between Deloitte & Touche, LLP, whose address is 3 Second Street, Suite 400, Jersey City, New Jersey 07311 (the "Contractor"), and the Department of the Treasury on behalf of the Department of Law and Public Safety, New Jersey State Police ("NJSP") whose business address is PO Box 7068 West Trenton, NJ 08628-0068 (the Contractor and NJSP may be referred to collectively as the "Parties" and individually as a "Party").

WHEREAS, on September 7, 2021, the Contractor was issued a Letter of Engagement on behalf of NJSP pursuant to the Engagement Query issued on July 14, 2021 and the Contractor's proposal dated August 20, 2021 for an amount not to exceed \$1,874,072.00 (collectively, the "Engagement");

WHEREAS, on December 1, 2021, the Parties executed an Amendment for an amount not to exceed \$620,200, thereby increasing the amount of this Engagement to a total cost not to exceed \$2,494,272, and extending the date of expiration of this Engagement from December 31, 2021 to March 31, 2022 ("Amendment 1");

WHEREAS, on March 2, 2022, the Parties executed a second Amendment for an amount not to exceed \$542,500, thereby increasing the amount of this Engagement to a total cost not to exceed \$3,036,772, and extending the date of expiration of this Engagement from March 31, 2022 to September 30, 2022 ("Amendment 2");

WHEREAS, the Parties desire to amend the Engagement further as set forth herein; and

NOW THEREFORE, for good and valuable consideration, the Parties acknowledge and agree to the following modifications to the Engagement:

1. The services will be modified as detailed in the Contractor's proposal attached hereto as Attachment 1, and shall supplement the services in Amendments 1, and 2, effective upon execution of this Amendment.
2. The cost of this Amendment shall not exceed \$258,932 as reflected on Attachment 1, thereby increasing the total cost of this Engagement to \$3,295,704.
3. The Parties agree that the date of expiration of the Engagement shall remain September 30, 2022.
4. Terms and Conditions - The Parties agree to be bound by all other requirements, terms and conditions of the Engagement, not otherwise modified by this Amendment for the period of the Engagement.
5. Execution of Amendment - The parties hereto agree that this Amendment may be executed in counterpart, each original signed page to become part of the original document.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Amendment on their behalf on the day and year as designated below.

Deloitte & Touche, LLP

Ryan Foughty _____ 5/31/2022 _____
Signature Date

RYAN FOUGHTY, MANAGING DIRECTOR
Print Name and Title

**State of New Jersey
Department of Law and Public Safety**

CAPT KADR _____ 6/1/22 _____
Signature Date

CAPT KENNETH RYAN
Print Name and Title

ATTACHMENT 1

Scope Change items:

1. Assess and Triage Integrity Monitoring Findings

Deloitte & Touche, LLP (Deloitte) will propose to categorize findings to prioritize those areas that require remediation. Deloitte will triage findings and catalog them as observations of internal control weaknesses and findings which may present audit and financial risk. We will submit this catalog to the Governor's Office for review and approval.

2. Consult with Departments on Corrective Action

Deloitte will work with the Departments to establish action plans. These plans will describe the disposition of each finding in detail. For those observations which do not appear to represent a material risk to the department, corrective action may be minor or not required. However, for findings which could materially affect financial reporting or potentially expose the Department to risks of potential fraud, waste, and abuse, we will assist in identifying responsible individuals, establishing timelines, identifying challenges to implementation, and tracking progress towards acceptable resolution.

3. Document Departments' After Action

Deloitte will document how the DOE, DCA, and DOH respond to each integrity monitoring finding. Deloitte will gather the Catalog of Findings and Corrective Action Plans (CAP) and upon approval by the State upload them to New Jersey's NJEM Grants system for response to future audit.

4. Technical Support for Single Audit

Deloitte will assist the State in preparing for its Single Audit by making financial support documentation available to the State's external auditor, as requested, through the NJEMGrants system. Deloitte will meet with the State's external auditor to discuss the activities undertaken during the course of the Integrity Monitoring activities performed under Purchase Order 21-PROVSC-01435:2, specifically how the State's costs claimed under the Coronavirus Relief Fund were documented and confirmed.

Deloitte will assist State Departments, as needed, in responding to potential audit findings by supporting the development of Management Responses and any required corrective action plans.

5. Contract Modification Pricing

LCAT	Base	IM CAP DCA	IM CAP DOE	IM CAP DOH	Additional CAP Support	Technical Support for Single Audit	Total Hours	Price
Managing Director	\$280	4.6	4.6	9.2	6.9	9.2	35	\$9,660
Senior Manager	\$255	9.2	6.9	18.4	13.8	18.4	67	\$17,009
Manager	\$223	34.5	16.1	69	51.75	92	263	\$58,727
Senior Consultant	\$185	147.2	92	294.4	220.8	92	846	\$156,584
Consultant	\$132	23	16.1	46	34.5	9.2	129	\$17,002
Total Estimate		218.5	135.7	437	327.75	220.8	1,340	\$258,981.15

1. No Cost Modification and New Purchase Order Totals

As discussed with New Jersey State Police, Deloitte requests that our current Purchase Order (21-PROSV-01435:2) be modified to more accurately capture the labor mix used to execute our Integrity Monitoring activities through the end of the period of performance. The table below details the specifics of this request as well as the new Purchase Order Total.

LCAT	Old PO Hours	No Cost Mod Hrs.	Mod #3 Hrs.	Mod 3 Amount	New Purchase Order Total
Managing Director	128	210	35	\$9,660	\$68,320
Senior Manager	648	975	67	\$17,009	\$265,570
Manager	3,304	3,845	263	\$58,727	\$916,162
Senior Consultant	4,460	4,338	846	\$156,584	\$959,022
Consultant	9,650	8,103	129	\$17,002	\$1,086,631
	18,190	17,470	1,340	\$258,981	\$3,295,704

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New Jersey State Police
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IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Amendment on their behalf on the day and year as designated below.

Deloitte & Touche, LLP

Ryan Foughty
Signature

3/2/2022
Date

RYAN FOUGHTY, MANAGING DIRECTOR
Print Name and Title

**State of New Jersey
Department of Law and Public Safety**

CAPT K A Ryan #5643
Signature

3/2/2022
Date

CAPT KENNETH RYAN #5643
Print Name and Title

ATTACHMENT 1

Resource Level	Hours	Rate	Fee
Partner/Principal/Director	20	\$280	\$5,600
Program Manager	100	\$255	\$25,500
Project Manager	800	\$223	\$178,400
Supervisory/Senior Consultant	1800	\$185	\$333,000
Total CO			\$542,500

Scope Change items:

1. Increased number of Departments / projects requiring testing

	Per SOW	Actuals
Departments	23	29
MOUs	85	90

The following Departments have been added to the SOW as per Amendment 1:

- Casino Reinvestment Development Authority
- National Center for Civic Innovation
- NJ Motor Vehicle Commission
- NJ Office of Emergency Management
- NJ Office of the Attorney General
- State Capitol Joint Complex Commission

2. Multiple projects repurposed with changed definition requiring redesigning testing and compliance procedures
3. Multiple Projects started then put on hold by respective departments as allocations are still in the process of being spent
4. Multiple projects requiring multiple follow-up meetings to solicit required documentation
5. Multiple projects requiring the solicitation of multiple RFIs
6. Creating new RFRs and Expenses in NJEM Grants on behalf of the Departments
7. Conduct project reviews of projects to determine FEMA eligibility
8. Presence of PII data within expense justification materials and other supporting documentation requires demobilization and remobilization of resources

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Deloitte & Touche, LLP

Signature Ryan Foughty

Date 12/1/2021

Print Name and Title RYAN FOUGHTY, MANAGING DIRECTOR

**State of New Jersey
Department of Law and Public Safety**

Signature [Handwritten Signature]

Date 12/1/2021

Print Name and Title OPT CHRISTOPHER DSMALISE #1670 BROWNING, RESCUE BUREAU

ATTACHMENT 1

Resource Level	Hours	Rate	Fee
Partner/Principal/Director	28	\$280	\$7,840
Program Manager	120	\$255	\$30,600
Project Manager	960	\$223	\$214,080
Supervisory/Senior Consultant	960	\$185	\$177,600
Consultant	1440	\$132	\$190,080
Total CO			\$620,200

Scope Change items:

1. Increased number of Departments / projects requiring testing

	Per Scope of Work	Actuals
Departments	23	29
MOUs	85	87

2. Unanticipated effort spent on gathering documentation from individual Departments which was expected to be available in the NJEMGrants system per RFP/SOW.
 - a. Department documentation was not available for review
 - b. Amount of grants management outreach is extensive and time consuming
 - c. Conducted a readiness assessment for all departments, not scoped in the SOW
3. Conducted and continuing to conduct entrance conferences requested by individual Departments (in some instances multiple times) in response to RFIs - not originally scoped in the SOW
 - a. Additional meetings with Governor's Office
4. Performing analysis on money that needs to be swept from individual departments, not originally scoped in the SOW
5. Additional efforts required to gather and document support for compliance with NJ state procurement rules
6. Providing analysis to Treasury to reconcile claimed costs against transferred amounts.

Letter of Engagement

September 7, 2021

Successful Bidder:

On behalf of the Department of Law and Public Safety, NJSP, the State of New Jersey, Department of the Treasury hereby issues this Letter of Engagement to Deloitte pursuant to the Engagement Query issued on July 14, 2021 and Deloitte's proposal dated August 20, 2021.

All terms and conditions of the Engagement Query, including but not limited to the Scope of Work, milestones, timelines, standards, deliverables and liquidated damages are incorporated into this Letter of Engagement and made a part hereof by reference.

The total cost of this Engagement shall not exceed \$1,874,072.00

The Integrity Monitor is instructed not to proceed until a purchase order is issued.

Thank you for your participation in the Integrity Monitor program.

Sincerely,

Mona Cartwright
IM State Contract Manager

GRANT MANAGEMENT ENGAGEMENT QUERY
Category 2: Financial Auditing and Grant Management

Contract G4018 – Integrity Oversight Monitoring: Program and Performance Monitoring,
Financial Monitoring and Grant Management and Anti-Fraud Monitoring for COVID-19
Recovery Funds and Programs

Department of Law and Public Safety, Division of New Jersey State Police

I. GENERAL INFORMATION:

On March 9, 2020, Governor Murphy issued Executive Order 103 declaring both a Public Health Emergency and State of Emergency in light of the dangers of the Coronavirus disease 2019 (“COVID-19”). On March 13, 2020, the President of the United States declared a national emergency and determined that the COVID-19 pandemic was of sufficient severity and magnitude to warrant a nation-wide emergency declaration under Section 501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5121-5207, (“Stafford Act”) and that declaration was extended to the State of New Jersey on March 25, 2020 pursuant to Section 401 of the Stafford Act. Since then, Congress has enacted legislation to stimulate economic recovery and assist State, Local and Tribal governments navigate the impact of the COVID-19 outbreak and cover necessary expenditures related to the public health emergency.

On July 17, 2020, Governor Murphy signed Executive Order 166 (“E.O. 166”), which established the COVID-19 Compliance and Oversight Task Force (the “Taskforce”) and the Governor’s Disaster Recovery Office (GDRO).

Pursuant to E.O. 166, the Taskforce has issued guidelines, which have been updated as of June, 2021 and are attached hereto, regarding the appointment and responsibilities of COVID-19 Oversight Integrity Monitors (“Integrity Monitors”). See Attachment 1. Integrity Monitors are intended to serve as an important part of the State’s accountability infrastructure while working with Using Agencies in developing measures to prevent, detect, and remediate inefficiency and malfeasance in the expenditure of COVID-19 Recovery Funds and provide expertise in Program and Process Management Monitoring; Financial Auditing and Grant Management; and Integrity Monitoring/Anti-fraud services.

The New Jersey Department of the Treasury (Treasury) has established a pool of qualified Integrity Monitors for oversight of COVID-19 Recovery Funds and Programs pursuant to the Request for Quotation for Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for COVID-19 Recovery Funds and Programs (IOM RFQ) that Using Agencies may now use to discharge their responsibilities under E.O. 166. The Integrity Monitor’s executed State of NJ Standard Terms and Conditions (SSTC) will apply to all Integrity Monitoring Engagements executed via this Engagement Query.

This Engagement Query is issued by the Department of the Treasury on behalf of the **New Jersey State Police**.

The capitalized terms in this Engagement Query shall have the same meanings as set forth in the IOM RFQ.

A. Background

The purpose of this Engagement Query is to provide Grants Management services, including Sub-Recipient Monitoring pursuant to Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act COVID-19 Recovery Funds and Programs. The State of New Jersey has awarded CARES Funds to more than 23 agencies that will require Grant Management services.

New Jersey has awarded funds to the following State Agencies:

NJ Department of State	\$30,000,000.00
NJ Dept. Of Agriculture	\$25,000,000.00
NJ Dept. Of Children & Families	\$28,420,055.00
NJ Dept. Of Community Affairs	\$188,160,000.00
NJ Dept. Of Corrections	\$587,071,756.53
NJ Dept. of Education	\$150,081,649.00
NJ Dept. Of Environmental Protection	\$106,171.00
NJ Dept. of Health & Senior Services	\$303,655,319.15
NJ Dept. Of Human Services	\$307,051,891.50
NJ Dept. Of Labor	\$16,312,500.00
NJ Dept. of Military Affairs	\$46,682,490.35
NJ Dept. Of Transportation	\$156,000.00
NJ Dept. Of Treasury	\$34,067,432.10
NJ Division Of Pensions And Benefits	\$119,200,000.00
NJ Economic Development Authority	\$241,663,580.93
NJ Housing And Mortgage Finance Agency	\$10,000,000.00
NJ Juvenile Justice Commission	\$75,420,000.00
NJ Office of Information Technology	\$2,783,915.99
NJ Redevelopment Authority	\$15,500,000.00
NJ State Judiciary	\$2,000,000.00
NJ State Police	\$315,150,506.32
NJ Transit	\$30,000,000.00
Office of the Secretary of Higher Education	\$225,200,000.00
Grand Total	\$2,853,683,267.87

II. SCOPE OF WORK (SOW) REQUIREMENTS

Project Description:

The Integrity Monitor engaged by the State of New Jersey will be responsible for Grant Management pursuant to Category 2 of the IOM RFQ of the above State Agencies' compliance with applicable agreements, and Federal and State regulations and guidelines, with the intent to safeguard COVID-19 Recovery Funds.

This may include:

- Attend a kick-off meeting with representatives from OEM. The kick-off meeting is intended to confirm the timeline presented in the Proposer's response to this Engagement Query;
- Evaluating program performance;
- Evaluating internal controls;
- Validating compliance with applicable Memoranda of Understanding regarding use and reporting requirements for CRF Funds;
- Interviewing staff;
- Sampling eligibility determinations and denials of applications;
- Sampling CRF expenditures;
- Reviewing compliance with applicable sections of 2 CFR 200 and other federal regulations;
- Conducting sub-recipient monitoring in accordance with 2 CFR 200.331, where applicable;
- Reviewing document retention policies and processes;
- Assisting CRF recipients with process workflows to ensure that all required documents are uploaded to NJOEM Grants; and
- Ensuring that all expenditure documentation (purchase orders, invoices, proof of payment) are uploaded to the NJEMgrants system.
- Validating compliance with applicable Memoranda of Understanding regarding use and reporting requirements for CRF Funds;
- Interviewing staff at NJ state agencies that were awarded CRF funds;
- Sampling eligibility determinations of documents that were uploaded to NJEMgrants ;
- Sampling CRF expenditures to ensure that the state agencies are prepared for the State Single Audit;
- Reviewing compliance with applicable sections of 2 CFR 200 and other federal regulations, including but not limited to Duplication of Benefits across numerous State agencies.”
- Developing a Compliance Plan within 20 days of the Engagement award that, at a minimum, should include a review of:
 - Applicable sections of 2 CFR 200 and other federal regulations
 - Duplication of Benefits
 - New Jersey Department of Treasury Coronavirus Relief Fund Memorandum of Understanding.
 - Document retention policies and procedures

- Eligibility of CRF expenditures by program participants;
- Other tasks listed deemed appropriate as directed by the State of New Jersey.

A. Specific Performance Milestones/Timelines/Standards/Deliverables

A Compliance Plan as described above must be provided to NJSP within 20 days of award of this Engagement.

All deliverables must be completed by **12/30/21**.

B. Risk Integrity Monitoring Reports and Assessment Summary

See attached Integrity Monitoring Quarterly report for 4th Quarter 2020 and NJSP Risk Matrix at Attachment 2.

C. Reporting Requirements

1. Quarterly Integrity Monitoring Progress Reports

- a. The Integrity Monitoring shall submit a draft quarterly report to the Using Agency on the last day of every calendar quarter detailing the specific services rendered during the quarter and any findings of waste, fraud, or abuse using the Quarterly Report template attached hereto. See Attachment 3. If the Integrity Monitoring report contains findings of waste, fraud or abuse, the Using Agency has an opportunity to respond within 15 days after receipt.
- b. Fifteen business days after each quarter-end, the Integrity Monitoring Grant Manager shall deliver its final quarterly report, including any comments from the Using Agency, to the State Treasurer, who shall share the reports with the GDRO, the Senate President, the Speaker of the General Assembly, the Attorney General, and the State Comptroller.

2. Additional Reports

- a. E.O. 166 directs the Office of the State Comptroller, (OSC) to oversee the work of Sub Recipient Integrity Monitors. Therefore, in accordance with E.O. 166 and the IOM Guidelines, OSC may request that the Grant Manager issue additional reports or prepare memoranda that will assist OSC in evaluating whether there is waste, fraud, or abuse in COVID-19 Recovery Programs administered by the Using Agencies. OSC may also request that the Grant Manager share any corrective action plan(s) prepared by the Using Agencies to evaluate whether those corrective plan(s) have been successfully implemented.

- b. A monthly status report of CRF expenditures to date describing activities conducted for each task to include the type of activity, analysis, results, and recommendations due on the first business day of each month.
3. Reports of Waste, Fraud, Abuse, or Potential Criminal Conduct
 - a. The Integrity Monitoring shall report issues of waste, fraud, abuse and misuse of COVID-19 Recovery Funds immediately to the GDRO, OSC, the State Treasurer, the State Contract Manager, and the Accountability Officer. The Grant Manager shall report issues of potential criminal conduct immediately to the Office of the Attorney General.

III. Proposal Content:

At minimum, the Integrity Monitoring proposal shall include the following:

- 1) A detailed proposal describing how the Integrity Monitoring intends to accomplish each component of the scope of work.
- 2) A detailed budget identifying staff classifications and hourly rates which shall not exceed the rates in the Integrity Monitoring BAFO Price Schedule.
- 3) A timeline for submission of the deliverables required by this Engagement Query.
- 4) Identification of any potential conflicts of interest regarding the delivery of services for the scope of work under this Engagement Query.

IV. Submission of Proposals:

Detailed proposals in response to this Engagement Query shall be submitted electronically by 3:00 p.m. on **August 6, 2021**. Proposals must be submitted via email as set forth below:

TO: State Contract Manager
Mona Cartwright, Fiscal Manager, Department of the Treasury
[REDACTED]

With a copy to the Agency Contract Manager [REDACTED] .

V. Duration of the Engagement:

The Engagement will commence upon the issuance of a Letter of Engagement and expire on December 31, 2021. At the option of the Using Agency, this Letter of Engagement may be extended. Any extension to this Letter of Engagement, however, may not to exceed the Contract Term, and any extensions thereto, as set forth in Section 5.2 of the IOM RFQ,

VI. CONTRACT TERMINATION

The Integrity Monitoring program’s failure to comply with the requirements of the Engagement, including but not limited to E.O. 166, the IOM RFQ, the IOM Guidelines and this Engagement Query may constitute a breach of contract and may result in termination of the contract by the Using Agency or imposition of such other remedy as the Using Agency deems appropriate in accordance with Section 9.0 of the RFQ.

VII. LIQUIDATED DAMAGES

At the Using Agency’s option, liquidated damages may be assessed each time any of the below events occur, due to an act or omission of the IOM. The Using Agency and the IOM agree that it would be extremely difficult to determine actual damages that the Using Agency will sustain as the result of the IOM’s failure to meet its contractual requirements. Any breach by the IOM could prevent the Using Agency from complying with E.O. 166, the IOM Guidelines, and laws applicable to the use and expenditure of COVID-19 Recovery Funds and other public funds; will adversely impact the Using Agency’s ability to ensure identification and mitigation of risks; and may lead to damages suffered by the Using Agency and the State as a whole. If the IOM fails to meet its contractual obligations, the Using Agency may assess liquidated damages against IOM as follows:

Task	Deliverable	Due Date	Liquidated Damages
Quarterly Reports	Review the current grant sub-recipient process for projects which fall under FEMA’s small-project threshold; verify that the process complies with all federal, state and local laws, regulations, and ordinances, and adheres to all grant/assistance program guidelines as they are applicable to the program; and develop a workflow document for the process so that the process can be incorporated into the tracking system for reporting purposes	No later than 15 days after the respective quarter.	\$500 a day for each day past due date
Monthly Status Reports	Monthly reports on activities conducted for each task to include the type of activity, analysis, results, and recommendations	The first business day of each month	\$500 a day for each day past due date

VIII. Questions regarding this Engagement Query :

Any questions related to the Scope of Work must be submitted electronically by 3:00 p.m. on **July 22, 2021**. They must be submitted via email to [REDACTED] with a copy to the State Contract Manager; Mona Cartwright, [REDACTED]

IX. Selection Process

The Agency Contract Manager will review the proposal(s) received and select the Integrity Monitor whose proposal is most advantageous, price and other factors considered. The State Contract Manager will then issue a Letter of Engagement with a “not to exceed” clause to the selected proposer

Prior to issuing a Letter of Engagement, the Agency Contract Manager in consultation with the Accountability Officer, will independently determine whether the proposed Integrity Monitor has any potential conflicts with the Engagement.

X. Conflicts of Interest

The Contractor shall identify any potential conflicts of interest that would prevent it from accepting this Engagement. The Contractor engaged pursuant to this Engagement Query may not also be engaged as a Category 3 Integrity Monitor for the NJOEM Grants described above.

ATTACHMENTS

Attachment 1:

Integrity Oversight Monitor Guidelines, updated as of June, 2021

Attachment 2: NJSP IOM Quarterly report 4Q 2020 and NJSP Risk Matrix

Attachment 3: Quarterly Report Template

Notice of Executive Order 166 Requirement for Posting of Winning Proposal
and Contract Documents

Pursuant to Executive Order No. 166, signed by Governor Murphy on July 17, 2020, the Office of the State Comptroller (“OSC”) is required to make all approved State contracts for the allocation and expenditure of COVID-19 Recovery Funds available to the public by posting such contracts on an appropriate State website. Such contracts will be posted on the New Jersey transparency website developed by the Governor’s Disaster Recovery Office (GDRO Transparency Website). The Letter of Engagement resulting from this Engagement Query is subject to the requirements of Executive Order No. 166. Accordingly, the OSC will post a copy of the Letter of Engagement, including the Engagement Query, the winning proposer’s proposal and other related contract documents for the above contract on the GDRO Transparency website.

In submitting its proposal, a proposer may designate specific information as not subject to disclosure. However, such proposer must have a good faith legal or factual basis to assert that such designated portions of its proposal: (i) are proprietary and confidential financial or commercial information or trade secrets; or (ii) must not be disclosed to protect the personal privacy of an identified individual. The location in the proposal of any such designation should be clearly stated in a cover letter, and a redacted copy of the proposal should be provided. A Proposer’s failure to designate such information as confidential in submitting a proposal shall result in waiver of such claim.

The State reserves the right to make the determination regarding what is proprietary or confidential and will advise the winning proposer accordingly. The State will not honor any attempt by a winning proposer to designate its entire proposal as proprietary or confidential and will not honor a claim of copyright protection for an entire proposal. In the event of any challenge to the winning proposer’s assertion of confidentiality with which the State does not concur, proposer shall be solely responsible for defending its designation.



Integrity Oversight Monitor Guidelines

2021 Update

**STATE OF NEW JERSEY
COVID-19 COMPLIANCE AND
OVERSIGHT TASKFORCE**

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INTRODUCTION

On July 17, 2020, Governor Murphy signed Executive Order 166 (“EO 166”), which, among other things, established the COVID-19 Compliance and Oversight Task Force (the “Taskforce”). The purpose of the Taskforce is to advise State departments, agencies, and independent authorities that receive or administer COVID-19 recovery funds (“Recovery Program Participants”) regarding compliance with federal and State law and how to mitigate the risks of waste, fraud, and abuse. As defined in EO 166, “COVID-19 Recovery Funds” are funds awarded to state and local governments, and non-government sources to support New Jersey’s residents, businesses, non-profit organizations, government agencies, and other entities responding to or recovering from the COVID-19 pandemic.

Pursuant to EO 166, the Taskforce is responsible for issuing guidelines regarding the appointment and responsibilities of COVID-19 Oversight Integrity Monitors (“Integrity Monitors”). Recovery Program Participants may retain and appoint Integrity Monitors to oversee the disbursement of COVID-19 Recovery Funds and the administration of a COVID-19 Recovery Program. They are intended to serve as an important part of the state’s accountability infrastructure while working with Recovery Program Participants in developing measures to prevent, detect, and remediate inefficiency and malfeasance in the expenditure of COVID-19 Recovery Funds. Integrity Monitors may also be used, either proactively or in response to findings by an Integrity Monitor, as subject matter experts or consultants to assist Recovery Program Participants with program administration, grants management, reporting, and compliance, as approved by the Governor’s Disaster Recovery Office (GDRO).

EO 166 requires Recovery Program Participants to identify a central point of contact (an “Accountabil-

ity Officer”) for tracking COVID-19 funds within each agency or authority. The Accountability Officer is responsible for working with and serving as a direct point of contact for the GDRO and the Taskforce. Accountability Officers should also ensure appropriate reviews are performed to assess risks and evaluate whether an Integrity Monitor can assist in reducing or eliminating risk to ensure the public that state and federal funds were used efficiently, fairly, and prudently.

Recovery Program Participants and Integrity Monitors should be focused on the common goal of maximizing the value of COVID-19 Recovery Funding by ensuring that every dollar is spent efficiently and properly. Integrity Monitors can add value to a program by assisting in implementing the fiscal controls necessary to maintain proper documentation, flagging potential issues in real time, maximizing reimbursements, sharing information with and responding to inquiries from the GDRO and Office of State Comptroller (OSC), and reporting to those offices, the Treasurer, the Attorney General, and legislative leadership.

Recovery Program Participants, Accountability Officers, and Integrity Monitors should work together to fulfill the goals of EO 166 and these guidelines. The retention of Integrity Monitors will support monitoring and oversight that will ensure that Recovery Program Participants administer COVID-19 recovery funds in compliance with program, financial, and administrative requirements set forth in the federal-state grant agreement, the State Recovery Program Participant sub-grant agreement, and applicable federal and state laws, regulations, and guidelines. Additionally, these guidelines will assist the State in fulfilling its monitoring responsibilities as set forth in 2 CFR 200 Subpart D. This may involve routine desk reviews and, when appropriate, on-site reviews by an Integrity Monitor. Recovery Program Participants that do not retain an Integrity Monitor will comply with these requirements, in coordination with the GDRO, as addressed in the Compliance Plan adopted by the Taskforce.

ESTABLISHING THE POOL OF INTEGRITY MONITORS

As of the issuance of this version of the Integrity Oversight Monitor Guidelines, a pool of monitors has already been established. The following provisions in this section should be used in the event it is necessary to establish additional pools of Integrity Monitors.¹

In the event it is necessary to establish another pool of Integrity Monitors, the New Jersey Department of the Treasury, Division of Administration (Treasury) will be responsible for designating a department employee to act as the State Contract Manager for purposes of administering the overarching state contract for Integrity Monitoring Services. The State Contract Manager will establish one pool of qualified integrity monitors for engagement by eligible Recovery Program Participants. Treasury will issue a bid solicitation for technical and price quotations from interested qualified firms that can provide the following services:

- Category 1: Program and Process Management Auditing;
- Category 2: Financial Auditing and Grant Management; and
- Category 3: Integrity Monitoring/Anti-Fraud.

The specific services Integrity Monitors provide vary and will depend on the nature of the programs administered by the Recovery Program Participant and the amount of COVID-19 Recovery Funding received. The pool of Integrity Monitors should include professionals available to perform services in one or more of the following categories:

Category 1: Program and Process Management Auditing	Category 2: Financial Auditing and Grant Management	Category 3: Integrity Monitoring / Anti-Fraud
Development of processes, controls and technologies to support the execution of programs funded with COVID-19 Recovery Funds.	Plan, implement, administer, coordinate, monitor and evaluate the specific activities of all assigned financial and administrative functions. Develop and modify policies/procedures/systems in accordance with organizational needs and objectives, as well as applicable government regulations.	Forensic accounting and other specialty accounting services.

¹ Agencies and authorities that are not permitted to follow all state procurement requirements due to U.S. Department of Transportation procurement policies may procure an Integrity Monitor separately in coordination with GDRO.

Review and improvement of procedures addressing financial management.	Provide technical knowledge and expertise to review and make recommendations to streamline grant management and fiscal management processes to ensure accountability of funds and compliance with program regulations.	Continuing risk assessments and loss prevention strategies.
Workload analysis; skills gap analysis, organizational effectiveness and workforce recruiting strategies.	Monitoring all grant management, accounting, budget management, and other business office functions regularly.	Performance and program monitoring and promotion of best practices.
Consulting services to support account reconciliations.	Provide and/or identify training for staff in the area of detection and prevention of waste, fraud, and abuse.	Prevention, detection and investigation of fraud and misconduct.
Quality assurance reviews and assessments associated with the payments process to ensure compliance with federal and state regulations.	Ensuring compliance with all applicable federal and state accounting and financial reporting requirements.	Implement and manage appropriate compliance systems and controls, as required by federal and state guidelines, regulations and law.
Risk analysis and identification of options for risk management for the federal and state grant payment process.	Provide tools to be used by the Recovery Program Participant for the assessment of the performance of the financial transaction process.	Provide data management systems/programs for the purpose of collecting, conducting and reporting required compliance and anti-fraud analytics.
Consulting services to reduce the reconciliation backlog for the Request for Reimbursements process.		Ability to provide integrity monitoring services for professional specialties such as engineering and structural integrity services, etc. either directly or through a sub-contractor relationship.
Consulting services providing Subject Matter Expert (SME) knowledge of required standards for related monitoring and financial standards for federal funding.		

CONDITIONS FOR INTEGRITY MONITORS

A Recovery Program Participant should evaluate whether it should retain an Integrity Monitor using the following standards.

Category 1 & 2 Integrity Monitors:

Category 1 and 2 Integrity Monitors are available to assist Recovery Program Participants, if, in consultation with GDRO, it has been determined that an agency or authority needs assistance in the establishment, administration, or monitoring of a program or when a Category 3 Integrity Monitor has issued findings that require the agency or authority to take corrective actions. In making the determination whether to obtain a Category 1 or 2 Integrity Monitor, a Recovery Program Participant's Accountability Officer, in consultation with GDRO, should evaluate whether an Integrity Monitor from Category 1 or 2 is necessary based on operational needs or to reduce or eliminate risk in view of the agency's or authority's existing resources, staffing, expertise or capacity. Agencies and authorities should evaluate whether the retention of a Category 1 or 2 Integrity Monitor would assist in addressing findings made by Category 3 Integrity Monitors. The availability of federal funds should be considered in evaluating whether to retain an Integrity Monitor from Category 1 or 2. In an appropriate circumstance, a Recovery Program Participant may request or may be directed by the GDRO to retain a Category 1 or 2 Integrity Monitor using non-federal funds.

Category 3 Integrity Monitors:

For Recovery Program Participants that have received or will administer a total of \$20 million or more in COVID-19 Recovery Funds: A Recovery Program Participant that has received this amount of funding should retain at least one Integrity

Monitor from Category 3: Integrity Monitoring/Anti-Fraud, subject to federal funding being available. The retention of Category 1 and 2 Integrity Monitors does not eliminate the obligation to retain a Category 3 Integrity Monitor. In some circumstances, multiple Category 3 Integrity Monitors may be necessary if one monitor is not adequate to oversee multiple programs being implemented by Recovery Program Participant as determined in consultation with the GDRO. In an appropriate circumstance, a Recovery Program Participant may request or may be directed by the GDRO to retain an Integrity Monitor using non-federal funds.

For Recovery Program Participants that have received or will administer a total of up to \$20 million in COVID-19 Recovery Funds: A Recovery Program Participant that has received this amount of funding should evaluate in consultation with GDRO whether a Category 3 Integrity Monitor is needed based on the risks presented. The Recovery Program Participant's Accountability Officer should conduct a risk assessment taking into account both the likelihood and severity of risk in the participant's program(s) and consult with the GDRO regarding whether an Integrity Monitor from Category 3 is necessary to reduce or eliminate risk in view of the agency's or authority's existing resources, staffing, expertise or capacity. The availability of federal funds should be considered in evaluating whether to retain an Integrity Monitor. In an appropriate circumstance, a Recovery Program Participant may request or may be directed by the GDRO to retain an Integrity Monitor from Category 3 using non-federal funds.

RISK ASSESSMENT

As noted above, in certain circumstances, Recovery Program Participants seeking to retain an Integrity Monitor will be advised to conduct a risk assessment to determine the need for such services. A Recovery Program Participant's Accountability Officer, in consultation with the GDRO, should assess the risk to public funds, the availability of federal funds to pay for the Integrity Monitor, the entity's current operations, and whether internal controls alone are adequate to mitigate or eliminate risk.

An Accountability Officer, or an Integrity Monitor retained by a Recovery Program Participant, should conduct an initial review of the Recovery Program Participant's programs, procedures and processes, and assess the organizational risk and the entity's risk tolerance. The risk assessment should include a review of the agency's ability to comply with federal statutory and regulatory requirements as well as applicable state laws and regulations, including with regard to reporting, monitoring, and oversight, and a review of the agency's susceptibility to waste, fraud, and abuse.

An Accountability Officer conducting a risk assessment should complete and memorialize the assessment using the [matrix template you can download from OSC's website](#). The risk assessment should be shared with the GDRO and OSC. Some of the specific factors an Accountability Officer should consider when assessing risk include:

- Organizational leadership, capacity, expertise, and experience managing and accounting for federal grant funds in general, and disaster recovery funds in particular;
- Input from the individuals/units that will be disbursing funds or administering the program;

- Review of existing internal controls and any identified weaknesses;
- Prior audits and audit findings from state or federal oversight entities;
- Lessons learned from prior disasters;
- Sub-recipient internal control weaknesses, if applicable;
- Adequacy of financial, acquisition, and grants management policies and procedures, including technological capacity and potentially outdated financial management systems;
- Ability to complete timely, accurate and complete reporting;
- Experience with state and federal procurement processes, value of anticipated procurements, and reliance on contractors to meet program goals and objectives;
- Potential conflicts of interests and ethics compliance;
- Amount of funds being disbursed to a particular category of sub-recipient and the complexity of its project(s); and
- Whether federal or state guidelines provide guidance regarding the uses of funds (*i.e.*, discretionary vs. restrictive).

The Accountability Officer should determine the organization's risk tolerance as to all recovery programs jointly and as to individual programs, recognizing that Integrity Monitors may be appropriate for some programs and not others within an agency or authority. If the risk exceeds an acceptable level of risk tolerance, the Accountability Officer should engage an Integrity Monitor.

An important element in the risk assessments is documentation of the process and results. This is critical to ensuring the extent of monitoring and oversight. The overall level of risk should dictate the frequency and depth of monitoring practices, including how to mitigate identified risks by, for example, providing training and technical assistance or increasing the frequency of on-site reviews. In some cases, monitoring efforts may lead an Accountability Officer or the GDRO to impose additional special conditions on the Recovery Program Participant. Depending on the kind of work the sub-recipient performs, it may be appropriate to reevaluate frequently, including quarterly, to account for changes in the organization or the nature of its activities. See 2 CFR Section 200.207 in the uniform guidance for examples; [GAO Report: A Framework for Managing Fraud Risk in Federal Programs \(2015\)](#).

PROCEDURES FOR REQUESTING AND PROCURING AN INTEGRITY MONITOR

To retain an Integrity Monitor, a Recovery Program Participant should proceed as follows:

- A Recovery Program Participant shall designate an agency employee to act as the contract manager for an Integrity Monitor engagement (Agency Contract Manager), which may be the Accountability Officer. The Agency Contract Manager should notify the State Contract Manager, on a form prescribed by Treasury, along with any required supporting documentation, of its request for an Integrity Monitor. The Agency Contract Manager should indicate which Integrity Monitoring services are required.
- The Agency Contract Manager will develop an Engagement Query.
- The Engagement Query will include a detailed scope of work; it should include specific performance milestones, timelines, and standards and deliverables.
- The Agency Contract Manager, in consultation with the Office of the Attorney General, Division of Law, will structure a liquidated damages provision for the failure to meet any required milestones, timelines, or standards or deliverables, as appropriate.
- The Agency Contract Manager will submit its Engagement Query to the State Contract Manager. Upon approval by the State Contract Manager, but prior to the solicitation of any services, the Engagement Query shall be sent to OSC for approval pursuant to EO 166. After receiving approval from OSC, the State Contract Manager will send the Engagement Query to all eligible Integrity Monitors within the pool in order to provide a level playing field.
- Interested, eligible Integrity Monitors will respond to the Engagement Query within the timeframe designated by the State Contract Manager, with a detailed proposal that includes a detailed budget, timelines, and plan to perform the scope of work and other requirements of the Engagement Query. Integrity Monitors shall also identify any potential conflicts of interest.
- The State Contract Manager will forward to the Agency Contract Manager all proposals received in response to the Engagement Query. The Agency Contract Manager will review the proposals and select the Integrity Monitor whose proposal represents the best value, price and other factors considered. The Agency Contract Manager will memorialize in writing the justification for selecting an Integrity Monitor(s).
- Prior to finalizing any engagement under this contract, the Agency Contract Manager, in consultation with the Accountability Officer, will independently determine whether the intended Integrity Monitor has any potential conflicts with the engagement.
- The State Contract Manager, on behalf of the Recovery Program Participant, will then issue a Letter of Engagement with a “Not to Exceed” clause to the engaged Integrity Monitor and work with the Agency Contract Manager to begin the issuance of Task Orders.

INTEGRITY MONITOR REQUIREMENTS

A. Independence

The process by which Integrity Monitors are retained and the manner in which they perform their tasks in accordance with these guidelines are intended to provide independence as they monitor and report on the disbursement of COVID-19 Recovery Funds and the administration of a COVID-19 Recovery Program by a Recovery Program Participant. Although the Integrity Monitor and the Recovery Program Participant should share common goals, the Integrity Monitor should function as an independent party and should conduct its review as an outside auditor/reviewer would.

An Integrity Monitor for a particular Recovery Program Participant should have no individual or company affiliation with the agency or authority that would prevent it from performing its oversight as an independent third party. Integrity Monitors and Recovery Program Participants must be mindful of applicable conflicts of interest laws, including but not limited to, N.J.S.A. 52:13D-12 to -28, Executive Order 189 (Kean, 1988) and requirements set forth in the Uniform Grant Guidance, among others. To promote independence, an Integrity Monitor hired from Categories 1 or 2 may not also be engaged as a Category 3 Integrity Monitor to review the same programs for the same Recovery Program Participant. Likewise, a Category 3 Integrity may not be hired as a Category 1 or 2 Monitor to remediate any issues it identified as a Category 3 Integrity Monitor.

B. Communication

Integrity Monitors should maintain open and frequent communication with the Recovery Program Participant that has retained its services. The purpose of communicating in this manner is to make the Recovery Program Participant aware of issues that can be addressed during the administration of a program and prior to future disbursement of funds by the Parti-

part. Therefore, Integrity Monitors should not wait until reports are issued to notify an Accountability Officer of deficiencies. This will enable the Recovery Program Participant to take action to correct any deficiencies before additional funds are expended. Substantial deficiencies should also be reported in real time to the GDRO, the State Comptroller, and the State Treasurer.

Prior to the posting of an Integrity Monitor report that contains findings of waste, fraud, or abuse, the Recovery Program Participant should be permitted to respond to the findings and have that response included in the publicly posted report. This will allow the Recovery Program Participant to highlight any course corrections as a result of the finding or to contest any finding that it feels is inappropriate. A Recovery Program Participant's response is due within 15 business days after receipt of an Integrity Monitor report.

Integrity Monitors must respond promptly to any inquiries posed by the GDRO, State Comptroller, State Treasurer, and Agency Contract Manager pursuant to EO 166.

C. General Tasks of Integrity Monitors

The tasks of an Integrity Monitor may vary based on the agency/program the Monitor is overseeing and the category of Integrity Monitor engaged. Generally, the role of a Category 1 Integrity Monitor is focused on program and process management auditing. These Integrity Monitors may assist a Recovery Program Participant in developing processes or controls to support the execution of programs, conduct risk analyses, or provide consulting or subject matter expertise to Recovery Program Participants. In general, a Category 2 Integrity Monitor's role is to provide financial auditing or grants management functions for a Recovery Program Participant. A Category 3 Integrity Monitor's primary roles are to monitor for fraud or misuse of funding, and ensure that Recovery Program Participants are performing according to the sub-award agreement and applicable federal and State regulations and guidelines. Tasks to be performed by Integrity

Monitors may include the following:

- Perform initial and ongoing risk assessments;
- Evaluate project performance;
- Evaluate internal controls associated with the Recovery Program Participant's financial management, cash management, acquisition management, property management, and records management capabilities;
- Validate compliance with sub-grant award and general term and special conditions;
- Review 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;
- Conduct interviews of Recovery Program Participant 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 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;
- Ensure that the agency is retaining appropriate documentation, based on federal and state regulations and guidance, to support fund disbursement;
- Follow up with questions regarding specific funding decisions, and review decisions related to emergency situations;
- Facilitate the exchange of ideas and promote operational efficiency;
- Identify present and future needs; and
- Promote cooperation and communication among Integrity Monitors engaged by other Recovery Program Participants (e.g., to guard against duplication of benefits).

Integrity Monitors should generally perform desk reviews to evaluate the need for on-site visits or monitoring. Depending on the results of the desk review, coupled with the conclusions reached during any risk assessments that may have been conducted of the sub-recipient's capabilities, the Monitor should evaluate whether an on-site monitoring visit is appropriate. If the Monitor is satisfied that essential project goals, objectives, timelines, budgets, and other related program and financial criteria are being met, then the Monitor should document the steps taken to reach this conclusion and dispense with an on-site monitoring visit. However, the Integrity Monitor may choose to perform on-site monitoring visits as a result of any of the following:

- Non-compliance with reporting requirements;
- Problems identified in quarterly progress or financial reports;
- History of unsatisfactory performance;
- Unresponsiveness to requests for information;
- High-risk designation;
- Follow-up on prior audits or monitoring find-

ings; and

- Allegations of misuse of funds or receipt of complaints.

D. Reporting Requirements

1. Reports

Pursuant to EO 166, Integrity Monitors shall submit draft quarterly reports to the Recovery Program Participant 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](#)**.

Prior to the posting of a quarterly report that contains findings of waste, fraud, or abuse, the Recovery Program Participant should be permitted to respond to the findings and have that response included in the publicly posted report. This will allow the Recovery Program Participant to highlight any course corrections as a result of the finding or to contest any finding that it contends is inappropriate. A Recovery Program Participant's response is due within 15 business days after receipt of a quarterly report.

Fifteen business days after quarter-end, Integrity Monitors will deliver their final quarterly reports, inclusive of any comments from the Recovery Program Participant, to the State Treasurer, who shall share the reports with the GDRO, the Senate President, the Speaker of the General Assembly, the Attorney General, and the State Comptroller. The Integrity Monitor quarterly reports will be posted on the GDRO transparency website pursuant to the Executive Order.

The specific areas covered by a quarterly report will vary based on the type of Integrity Monitor engaged, the program being reviewed, the manner

and use of the funds, procurement of goods and services, type of disbursements to be issued, and specific COVID-19 Recovery Fund requirements. The topics covered by the quarterly report should include the information included in [templates which you can download from OSC's website](#).

2. Additional Reports

EO 166 directs OSC to oversee the work of Integrity Monitors and to submit inquiries to them to which Integrity Monitors must reply promptly. OSC may request Integrity Monitors to issue reports or prepare memoranda that will assist OSC in evaluating whether there is waste, fraud, or abuse in recovery programs administered by Recovery Plan Participants.

The State Comptroller may also request that Integrity 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.

GDRO and the State Treasurer may also request reports from Integrity Monitors to which Integrity Monitors must reply promptly.

3. Reports of Waste, Fraud, Abuse or Potential Criminal Conduct

Integrity Monitors must immediately report substantial issues of waste, fraud, abuse, and misuse of COVID-19 Recovery Funds simultaneously to the GDRO, OSC, State Treasurer, and the Agency Contract Manager and Accountability Officer of a Recovery Program Participant.

Integrity Monitors must immediately report potential criminal conduct to the Office of the Attorney General.

INTEGRITY MONITOR MANAGEMENT AND OVERSIGHT

Agency Contract Managers have a duty to ensure that Integrity Monitors perform the necessary work, and do so while remaining on task, and on budget. Agency Contract Managers shall adhere to the requirements of Treasury Circular 14-08-DPP in their management and administration of the contract. The Agency Contract Manager will be responsible for monitoring contract deliverables and performing the contract management tasks identified in the circular, which include but are not limited to:

- Developing a budget and a plan to manage the contract. In developing a budget, the Agency Contract Manager should consider any caps on the amount of federal funding that can be used for oversight and administrative expenses and ensure that the total costs for Integrity Monitoring services are reasonable in relation to the total amount of program funds being administered by the Recovery Program Participant;
- Daily management of the contract, including monitoring and administering the contract for the Recovery Program Participant;
- Communicating with the Integrity Monitor and responding to requests for meetings, information or documents on a timely basis;
- Resolving issues with the Integrity Monitor in accordance with contract terms;
- Ensuring that all tasks, services, products, quality of deliverables and timeliness of services and deliverables are satisfied within contract requirements;

- Reviewing Integrity Monitor billing and ensuring that Integrity Monitors are paid only for services rendered;
- Attempting to recover any and all over-billings from the Integrity Monitor; and
- Coordinating with the State Contract Manager regarding any scope changes, compensation changes, the imposition of liquidated damages, or use of formal dispute processes.

In addition to these oversight and administration functions, the Agency Contract Manager must ensure open communication with the Accountability Officer, the Recovery Program Participant leadership, the GDRO, and OSC. The Agency Contract Manager should respond to inquiries and requests for documents from the GDRO and OSC as requested.



State of New Jersey, COVID-19
Compliance and Oversight Taskforce

Attachment 2 is an internal document that is not a public record pursuant to *N.J.S.A. 47:1A-1.1* as it constitutes intra-agency advisory, consultative or deliberative material.

**Integrity Monitor Report
Categories 1 and 2**

Integrity Monitor Firm Name: [Type Here]
Integrity Monitor Category (1 or 2): [Type Here]
Quarter Ending: [MM/DD/YYYY]
Expected Engagement End Date: [MM/DD/YYYY]

A. General Information

1. Recovery Program Participant:

[Type Here]

2. Federal Funding Source (e.g. CARES, HUD, FEMA, ARPA):

[Type Here]

3. State Funding Source (if applicable):

[Type Here]

4. Deadline for Use of State or Federal Funding by Recovery Program Participant:

[Type Here]

5. Accountability Officer:

[Type Here]

6. Program(s) under Review/Subject to Engagement:

[Type Here]

7. Brief Description, Purpose, and Rationale of Integrity Monitor Project/Program:

[Type Here]

8. Amount Allocated to Program(s) under Review/Subject to Engagement:

[Type Here]

**Integrity Monitor Report
Categories 1 and 2**

9. Amount Expended by Recovery Program Participant to Date on Program(s) under Review/Subject to Engagement:

[Type Here]

10. Amount Provided to Other State or Local Entities:

[Type Here]

11. Completion Status of Program (e.g. planning phase, application review, post-payment):

[Type Here]

12. Completion Status of Integrity Monitor Engagement:

[Type Here]

B. Monitoring Activities

13. Description of the services provided to the Recovery Program Participant during the quarter (i.e. activities conducted, such as meetings, document review, staff training, etc.):

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

[Type Here]

14. Description of activities to prevent, detect, and remediate waste, fraud, and/or abuse during the quarter:

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

**Integrity Monitor Report
Categories 1 and 2**

[Type Here]

15. General description of any findings of waste, fraud, or abuse:

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

[Type Here]

C. Miscellaneous

16. List of hours (by employee) and expenses incurred to perform quarterly integrity monitoring review:

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

[Type Here]

Name of Integrity Monitor:	[Type Here]
Name of Report Preparer:	[Type Here]
Signature:	[Sign Here]
Date:	[MM/DD/YYYY]




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August 20, 2021

Ms. Mona Cartwright
Fiscal Manager
Department of the Treasury
PO Box 002
Trenton, NJ 08625



RE: Contract G4018 – Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for COVID-19 Recovery Funds and Programs
Department of Law and Public Safety, Division of New Jersey State Police

Dear Ms. Cartwright,

I am the Lead Client Service Partner (LCSP) for the State of New Jersey (the State) as well as a resident and native. On behalf of Deloitte¹, I am pleased to present our response to provide program and performance monitoring, financial monitoring and grant management and Anti-Fraud Monitoring for COVID-19 recovery funds and programs for the New Jersey Department of Treasury (“Treasury”) - New Jersey State Police Office of Emergency Management (“OEM”). Our team is comprised of individuals who have experience performing these services and we look forward to serving the State in this important effort.

New Jersey has battled through the response to this pandemic at great cost. Lives have been lost, economies impacted, businesses closed, and the need for social programs skyrocketed. Deloitte knows these impacts are diverse.

We have extensive experience, and understand the effort involved in financial monitoring and grant management services for the approximate \$2.4B in funding

¹As used in this document, “Deloitte” or “Deloitte Risk and Financial Advisory” refers to Deloitte & Touche LLP and its affiliates including Deloitte Transactions and Business Analytics LLP and Deloitte LLP. Deloitte & Touche LLP shall be responsible for the services and its affiliates may provide additional resources. These entities are separate subsidiaries of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of Deloitte LLP and its subsidiaries.

managed by OEM under this engagement query. Our team is ready to support. Armed with leading practices and lessons learned, our team will bolster the capabilities at OEM and drive results. We are so confident in our past performance; we welcome you to contact our clients and hear firsthand how our contributions led to desired outcomes.

We believe we are uniquely qualified for this effort because:

We have a vested interest in the State's success. Deloitte has nearly 2,000 staff and 200 Partners, Principals and Managing Directors who reside in New Jersey. We maintain offices in Parsippany, Jersey City and Princeton and have a significant interest in helping to make New Jersey "Stronger and Fairer." We will bring resources from our National Grants Management and Public Sector Recovery practices that have the depth and breadth of qualified subject matter resources. Deloitte recognizes the importance of supporting small businesses through engagement opportunities. Deloitte is committed to the extension of opportunities for New Jersey-based small entrepreneurships to participate in contracting and procurement with the State.

We have a high-quality brand of trust with a culture of quality and

compliance: Deloitte is one of the foremost accounting, tax, and consulting firms in the world, and after being in business for over 176 years, we have demonstrated our technical proficiency in performing trust-related services for our clients. We utilize our Firm's audit and regulatory knowledge to build customized financial monitoring and grant management processes for each client while also helping them achieve compliance with required state and federal regulations, to include the Uniform Grant Guidance found in the Title 2 of the Code of Federal Regulations (2 CFR 200). Our brand and our team's strong competencies in financial monitoring, compliance, and grant management offers Office of Management and Budget (OMB) the confidence this project will be done appropriately.



PROVEN EXPERIENCE

Deloitte was named a **leader for the seventh time in a row in Gartner's February 2021 Report**. Deloitte was positioned for its completeness of vision and ability to execute.

Deloitte ranked **#1 in the Public Accounting Report's Top 10 U.S. Accounting Firms survey (2019)**.

Deloitte was named a **leader in Regulatory Compliance Program Consulting**; and in **Forensics Investigation Advisory** services by ALM Intelligence.

We will deploy our financial monitoring process for COVID-19 Recovery Funds which was designed based on previous successes: Deloitte has been on-the-ground supporting many other state and local governments' COVID-19 efforts since the beginning of the pandemic. We have established a COVID-19 Center of

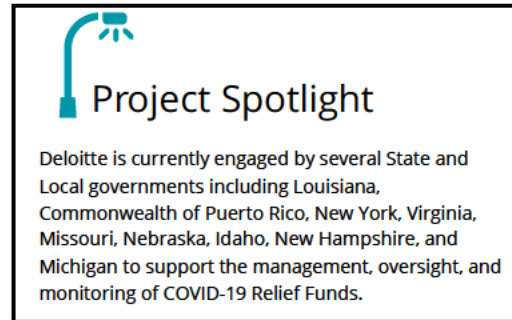
Excellence to analyze newly released guidance on legislation and funding sources and we share this information with our customers promptly. Our grant and monitoring teams have worked with states and localities across the country to monitor multiple funding streams released in association with COVID-19 including the

Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Relief Funds (CRF), and American Rescue Plan Act (ARPA) funding including the States of New York, Nebraska, Texas, California, Missouri, the Commonwealth of Virginia, and the District of Columbia.

We can start now and move promptly by using customized technology: Our existing team in New Jersey is committed to the effective recovery for the State and we stand ready to hit the ground running. Our approach outlined in this response will demonstrate impact within weeks of contract award. We realize there is no time to waste. Deloitte is ready to deploy accelerators as well as our customizable tried-and-true templates (i.e. Deloitte Monitoring Toolkit) that will allow the State to apply leading practices and lessons learned from other states and counties addressing similar issues. These tools rapidly facilitate data handling and cleansing, data analytics, risk scoring and aggregation, and automated reporting as well as work with known grants management software, like MB3 and Tempest Gems, to bolster monitoring and compliance activities.

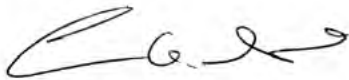
We focus on outcomes not hours: We realize getting the work done is the top priority. Therefore, while we have listed in our price approach an estimated level of effort by task, we are open to working collaboratively with OEM to craft appropriate levels of effort based on the work required. At Deloitte we realize that the outcomes of a project are more important than the number of hours that can be billed. Similarly, we realize that OEM needs a team of staff to jump in promptly. Therefore, we offer a staffing approach that puts capable staff at the ready to support OEM in the design and implementation of this project.

Overall, we feel we are uniquely qualified based on our very recent and ongoing services related to COVID-19 across the country, extensive experience with financial monitoring and grant management, and deep breadth of experience in accounting and expense reviews. The State of New Jersey continues to be an important and valued client and we appreciate this opportunity to continue our relationship through this effort with Treasury and OMB.

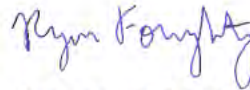


As a Lead Client Service Partner for the State of New Jersey at Deloitte, I am very excited for the opportunity to serve NJSP OEM on this important and strategic opportunity. We have carefully selected a team with the requisite experience, and I am pleased to be leading this engagement with Ryan Foughty, one of our FEMA leaders with the required CPA and audit background to lead the day-to-day operations of the engagement. As such, please do not hesitate to reach out to either of us, Chuck Saia at [REDACTED] or [REDACTED], or Ryan Foughty at [REDACTED] if you have questions related this response.

Sincerely,



Chuck Saia,
Lead Client Service Partner,
State of New Jersey
Management Partner
Deloitte & Touche LLP



Ryan Foughty, CPA
Managing Director
Deloitte & Touche LLP

cc: Christopher Demaise, Agency Contract Manager

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Our Understanding

We understand that New Jersey, like the other states across the country, is challenged by the urgent and unprecedented response and recovery challenges associated with the novel COVID-19 pandemic.

This engagement query issued by the Department of the Treasury on behalf of the New Jersey State Police (the “State Police” or “NJSP”), Office of Emergency Management (“OEM”), is for Grant Management services pursuant to Category 2 of the Integrity Oversight Monitoring Request for Quotation (IOM RFQ) for Financial Auditing and Grant Management through December 2021. We understand that OEM is facilitating the distribution of approx. \$2.4B in CARES Act funds to respond to the COVID-19 pandemic. Deloitte can provide OEM with the support for financial monitoring and grants management of these funds to evaluate that the dollars are spent in an effective manner for decreasing risk of future deobligation. Effective financial oversight and monitoring with the intent to safeguard COVID-19 Recovery Funds is essential in providing transparency to taxpayers and citizens who are active stakeholders.

We understand that though this engagement query, OEM is looking for a trusted advisor that:

- ✓ Demonstrates **experience in several rapidly initiated government programs;**
- ✓ **Uses a risk-based approach** to evaluate and focus on those programs with the high potential risk;
- ✓ Helps **maintain transparency and accountability** to grantors and taxpayers;
- ✓ **Provides technical knowledge and experience** to review and report findings for streamline of grant management and fiscal management processes;
- ✓ Evaluates **accountability for the use of federal funds;**
- ✓ Provides sub-recipients with **technical assistance to enhance their capacity and capability** to use and account for federal funds;
- ✓ **Monitors compliance** with OEM, federal, state and local program requirements and regulations;
- ✓ Encourages **accountability while decreasing potential for fraud, waste and abuse and minimizing the potential for deobligation;**

- ✓ **Provide tools for the assessment of the performance and internal controls** of the financial transaction process; and
- ✓ **Incorporates technology and leading** practice insights to drive efficiency.

Deloitte understands the challenges OEM faces in managing its grant program and maintaining compliance with project expenditure eligibility and allowability. Our deep qualifications from demonstrated service to clients including federal grantor agencies, state and local grantees and pass-through entities uniquely qualify us to provide the services required in this engagement query and work as a trusted advisor.

Through this solicitation and its execution, Deloitte looks forward to supporting the OEM in the development of the compliance plan, performing risk assessments and testing, facilitating interviews and corresponding site visits, and conducting sub-recipient monitoring to review compliance with the executed Memoranda of Understanding (MOU) and subaward agreements, applicable federal and state guidelines, and regulations pertaining to Consolidated Appropriations Act, the Stafford Act, 2 CFR 200, Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act COVID-19 Recovery Funds and Programs, and Department of Treasury guidelines. **We have mapped the tasks in the Engagement Query to our project approach in the section below.**

Deloitte has a deep bench of professionals that can be called upon to conduct multiple sub-recipient reviews concurrently across the State which will help us provide the requested services within the deadline as prescribed in the engagement query. We are well positioned to **hit the ground running on Day One** and provide results within the desired timeframe.

Due to the COVID-19 restrictions on in-person work environments, we are ready and available to perform our proposed services remotely. We also recognize it is important to be on-site and to work directly with OEM and the related State Agencies when required. We will work with OEM to develop a safe approach while also adhering to city, county, state, federal guidelines, and our own policies for protecting our professionals.

Leveraging Deloitte's Experience - Bringing Value to OEM

Overview of Our Experience

Deloitte has played critical roles in serving clients and effectively providing services for the management and monitoring of COVID Grants, Federal Emergency Management Agency (FEMA) Public Assistance Grants, Emergency Rental Assistance Programs (ERAP). Our team is prepared to use this knowledge to assist OEM and looks forward to the opportunity to work side-by-side. Below is a selection of our recent Program and Performance Monitoring, Financial Monitoring, Grant Management and Anti-Fraud Monitoring related to COVID Grant Funds:

Table 1: Deloitte’s Similar Experience

Client	Service Start/End	Related Work	Funding Managed
State of New York	2020-Present	CARES Oversight	\$5B+
State of New York	2014-Present	Superstorm Sandy Monitoring	\$4B
State of Louisiana	2006-Present	Grant Administration	\$14B+
State of Nebraska	2020-Present	CARES Grant Operations and ERAP Program	\$1B+
Commonwealth of Kentucky	2020-Present	CARES Oversight	\$1B+
Commonwealth of Puerto Rico	2020-Present	CARES Oversight	\$2B+
State of Colorado	2014-2016	Multiple Monitoring Programs	\$400M+
Texas Department of Housing and Community Affairs	2021-Present	ERAP Program	\$1.8B

Organizational Structure

Deloitte’s dedicated professionals bring vast and varied experience, specialized skillsets, and deep grant management and integrity monitoring knowledge. To meet the objectives and goals of OEM and provide high-quality service, Deloitte has assembled a specialized team of individuals and subject matter specialists who will leverage their respective specialty to provide value to OEM. Below is an organizational chart showing our proposed team structure.

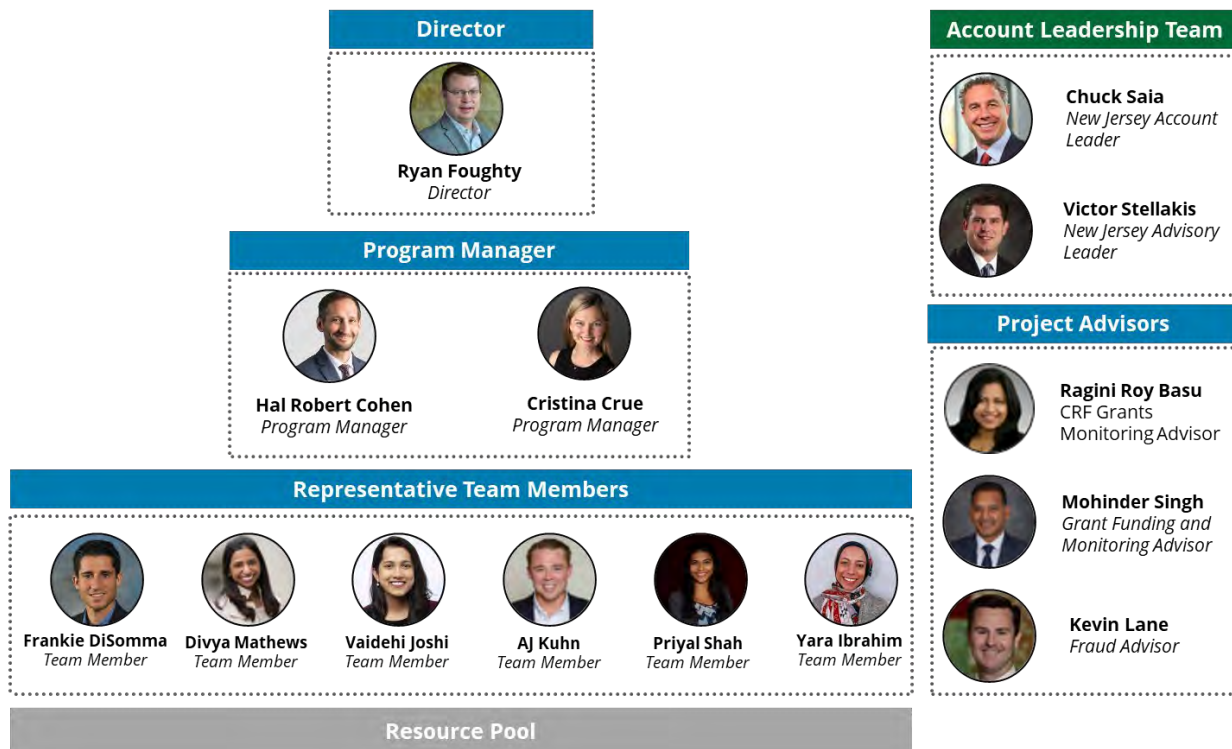


Figure 1: Deloitte Organizational Chart

Deloitte will deploy a team of individuals, many of whom reside in New Jersey and the local area, and they will be advised by national project advisors. Deloitte has nearly 2,000 staff and 200 Partners, Principals and Managing Directors who reside in New Jersey and maintains offices in Parsippany, Jersey City and Princeton. Additional to the team presented in this organizational chart, we bring a bench of over 200 specialists from our National Grants Management and Public Sector Recovery practices, with experience in CRF and other federal grant program monitoring and are available for deployment as needed for the project.

Our Team

As depicted in the organization chart above, **Ryan Foughty** will serve as the Director and will provide leadership and strategic guidance for the execution of services and contractual activities under this contract. **Mr. Foughty** has over 25 years of experience in actively administrating FEMA and CRF funded disaster recovery projects for state and local governments in Louisiana, Colorado, New York, Puerto Rico, and Missouri. In his role, Ryan will **report directly to the OEM** on contractual matters and manage the overall performance under the contract to meet the required timelines of our proposed services.

We have found it is very important to bring the depth and breadth of experience we have across our firm. Our proposed project advisors will have periodic touchpoints

with the team, engage at specific times with a specific purpose, provide input to strategy, approach, and participate in periodic compliance assessments. **Ragini Roy Basu** brings over 20 years of **quality assurance and federal grant compliance experience** across a multitude of government funding programs. **Kevin Lane** with over 20 years of advisory services will provide insight on program integrity, risk and compliance objectives, focusing on service offerings associated with reducing fraud, waste and abuse. **Mohinder Singh** has over 19 years of experience in providing grant management services and brings extensive project management and integrity monitoring experience.

Chuck Saia as the Lead Client Service Partner for the State of New Jersey and **Victor Stellakis** as Lead Advisory Partner for the State of New Jersey will provide the team with guidance regarding the OEM and the State and to will be responsible to provide the level of excellence New Jersey has come to expect from Deloitte.

Hal Cohen and **Christina Crue** will serve as your program managers and report to the Ryan Foughty. They bring knowledge and experience in emergency management, resilience, disaster recovery planning, organizational/performance assessment, strategic advisory, and risk assessment. As program managers, they will act as liaisons to OEM at senior levels, oversee the interview process with the 23 state agencies, and maintain productive and effective relationships with the senior levels of OEM.

Our Commitment

At Deloitte, we distinguish ourselves from other providers through **tight linkages among your organizational mission and regulatory and programmatic requirements, our relentless focus on tangible value and benefit realization, and our understanding that it takes a collaborative effort among grantors, grantees, sub-recipients, and regulators** to effectively provide emergency funding management services.

CLIENT TESTIMONIAL

"Deloitte has been a fantastic partner and extension of our team. They have brought organization, staff and expertise in a swift manner to our county during these unprecedented times that validates our processes and programs for the good of St. Louis County residents."

Deanna Venker, PE (she/her)

Chief Administrative Officer, Office of the St. Louis County Executive

Deloitte recognizes the importance of quality and timely work. Throughout the course of our delivery, as part of the required weekly status meetings and monthly reports, Deloitte will provide regular and timely updates to OEM to provide our current status, findings and observations to-date, scope challenges or limitations, and potential corrective actions required to mitigate risk and resolve issues as well as to confirm that the goals and objectives are being met in an effective, efficient, and compliant manner.

Approach

Engagement Query Section III.A: A detailed proposal describing how the Integrity Monitoring intends to accomplish each component of the scope of work.

Overview

Deloitte has developed a three-phase framework of **Develop Compliance Plan, Analyze and Test**; and **Reporting** to achieve OEM's required objectives and align with the scope of work as presented in the RFQ. This approach has been refined over several recent grant management projects.

Given Deloitte's strong, local New Jersey presence, significant experience with CARES Act funds and integrity monitoring, as well as Deloitte's ability to leverage existing tools and accelerators, our team is prepared to deploy a prompt response to this engagement. Our team will leverage our proprietary Integrity Monitoring and Compliance Toolkit ("Deloitte Monitoring Toolkit"), to tailor a multi-faceted and effective approach. The Deloitte Monitoring Toolkit is a suite of field-tested tools, templates and accelerators that requires minimal configuration to setup programs and streamline interaction with, and utilization of, the NJEMgrants portal. Deloitte has worked with various grants management platforms to manage and monitor grants in the disaster recovery phase including for the State of Louisiana where Deloitte is working with platform that is powered by MB3 software similarly to NJEMgrants.²

Deloitte's three-phase approach to providing support for financial monitoring and grant management services to OEM is focused around being transparent, collaborative, and flexible. Deloitte's approach is focused on upfront planning and understanding of OEM's program, sub-recipients, existing program and system protocols and inherent risks prior to performing time-intensive testing and risk assessment procedures. Deloitte's approach allows for the selection of higher quality of samples that account for risk factors in the applications selected for

² On behalf of the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), Deloitte uses LouisianaPA.com to identify agency project documentation discrepancies to facilitate a timely grant closeout process. Deloitte also provided technical discovery to match sub-recipient records where needed. Given this experience, Deloitte is able to navigate and populate NJSP software systems thereby enabling NJEMgrants to be the main document repository for this engagement effort and a resource in future Single Audit.

testing thereby providing the OEM greater levels of confidence from our testing procedures.

Deloitte’s approach will be informed by the Treasury-Subrecipient MOUs and specific statutes, the State of NJ Integrity Oversight Monitor Guidelines, State Single Audit requirements, regulations, and terms and conditions prescribed in CARES Act. Deloitte is confident that we will effectively meet the deliverable milestones delineated in the engagement query as requested in the scope of work.

The graphic below provides a brief summary of Deloitte’s approach as requested in Engagement Query Section II.

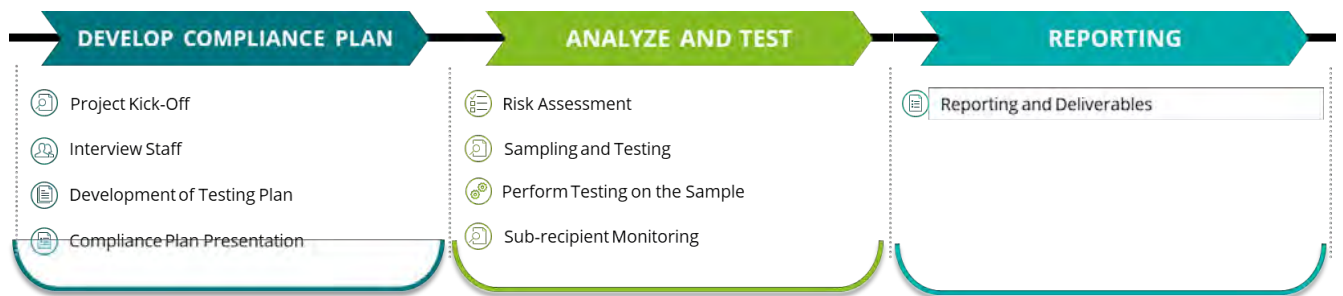


Figure 2: Deloitte’s Approach

Not only will this approach allow us to meet milestones established, but it will also confirm that the work provided, and deliverables created are in compliance with federal and state guidelines, 2 CFR 200, applicable policies and procedures and CRF guidelines.

Develop Compliance Plan

Develop Compliance Plan	Project Kick-Off	<ul style="list-style-type: none"> Kick-Off meeting with OEM Representatives and other stakeholders as directed Confirm timeline proposed Identify points of contact Confirm and gain access to the NJEMgrants system and other required data
	Interview of Staff	<ul style="list-style-type: none"> Conduct interviews with OEM Staff
	Development of Testing Plan	<ul style="list-style-type: none"> Validate compliance with applicable Memoranda of Understanding on managing CRF Funds Review document retention policies and processes to meet Federal and State regulations Gathering points of interest to be consider for testing
	Compliance Plan Presentation	<ul style="list-style-type: none"> Develop and present Compliance Plan within 20 days of award Compliance Plan will ensure State's compliance with all applicable Federal and State regulations

Figure 3: Develop Compliance Plan

An initial assessment will inform the go-forward strategy. The first phase of the engagement will be to evaluate current processes and alignment to the Federal, 2CFR 200 and CRF eligibility requirements. This involves assessing the current state

of OEM policies and procedures in place, as well as guidance, policies and procedures from the State Recovery Office, current systems, and controls used for grant management and financial monitoring. Additionally, Deloitte will review the current guidance provided to sub-recipients. This assessment will provide the opportunity to identify potential gaps and inefficiencies in expenditure of the CRF.

We will use the results of the initial assessment to present a detailed Compliance Plan within the 20-day required milestone.

Project Kick-Off

Given the importance of this project, our team will kick off the engagement promptly. Our team stands ready to respond in a timely manner upon an engagement award. Deloitte will bring resources from our National Grants Management and Public Sector Recovery practices to fulfill staffing requirements and have the depth and breadth of qualified subject matter resources.

Upon award, Deloitte will schedule a kick-off meeting with representatives from OEM and other stakeholders, as directed. This will increase overall efficiency and align expectations across parties. This meeting will allow our team to collaboratively outline the goals, objectives, and desired outcomes of this project. At the kick-off, our team will work together with OEM representatives to establish communication and ongoing reporting cadence, co-develop specific program testing expectations, determine milestones to confirm timeline for submission of various deliverables; identify points of contact ; and confirm the status, format, and access to the NJEMgrants portal and other required data.

Interview of Staff

As part of our evaluation of OEM's program performance, our team will conduct discovery interviews with OEM staff to understand current processes and internal controls in place. Finally, our team will review the current guidance provided to sub-recipients.

Our team will provide brief meeting notes and summaries to OEM. These notes will document outcomes, discussion points, and action items including brief summaries of potential project challenges in order for appropriate action to be taken, when applicable.

Development of Testing Plan

Following the interview phase of the approach, our team will proceed with development of the testing plan utilizing Deloitte’s proprietary templates to evaluate compliance of processes, procedures, and controls of OEM. A crucial part of the development will include close reviews and understanding of the applicable sections of 2 CFR 200, New Jersey state guidance as well as New Jersey Department of Treasury Coronavirus Relief Fund MOUs. As part of the testing plan, the team will specifically incorporate evaluation and testing related to duplication of benefits, documents retention policies, eligibility of CRF expenditures by program participants among others depending on the risk assessment outcome.

To facilitate development of the Testing Plan Deloitte will leverage our proprietary Deloitte Monitoring Toolkit which includes many tools and technologies for our team’s use to accelerate sample tests and the evaluate the expenditures. Table 1 provides illustrative examples of the tools, templates and process accelerators. The Deloitte Monitoring Toolkit includes pre-established workpapers with relevant attributes for sample testing based on Uniform Grant Guidance, including testing of:

- **Payroll/Time Accounting** – i.e. Fringe rate calculation, overtime policy
- **Equipment Management** – i.e. Inventory checks, capitalization
- **Procurement/Contracts** – i.e. Flow down provisions, Minority and Women-owned Business Enterprises (M/WBE) consideration
- **Allowability of Costs** – i.e. Compliance with programmatic requirements
- **Pass-Through Monitoring** – i.e. Contract vs. pass-through, oversight
- **Record Retention** – i.e. Length of retention timeline, availability of documentation

Table 2: Illustrative Tools, Templates and Process Accelerators

2.0 SITE VISIT PREPARATION					
2.1 DOCUMENT REQUESTS					
Step ID	Category	Document Name	Document Details	Document Request Status	Document Receipt Status
2.1	A. General/1915-level Standards	Grant policies and procedures	General	Requested (Letter)	Not Received
2.2	B. Eligible	Organizational chart for employees working on grant projects	General	Requested (Letter)	Not Received
2.3	C. Eligible	Cost allocation or scale of contract with reference to budget	General	Requested (Letter)	Not Received
2.4	D. Matching, Level of Effort, and Earned	Expenses by personnel working on grant projects	Sample only	Not Requested	Not Received
2.5	E. Matching, Level of Effort, and Earned	Timecards and logs-off	Selection from sample	Not Requested	Not Received
2.6	F. Allowable Activities and Cost Principles	Budget management and award support		Requested (Letter)	Not Received
2.7	G. Allowable Activities and Cost Principles	General ledger details support charity report expenditures; Chart of accounts	By Grant Program	Requested (Letter)	Not Received
2.8	H. Allowable Activities and Cost Principles	Line item 02 quarterly reports for the grant program	By Grant Program	Not Requested	Not Received

Review Preparation Tab:

Provides a checklist of required documentation (expense reports, recent audit results, etc.) to provide a review and make certain that the different documentation is retained

Review Checklist Tab:

Provides a questionnaire grouped by objective aligned with the Uniform Grant Guidance (Eligibility, Matching, Allowability, Equipment, etc.). Includes interview questions or review procedures for each area and form field for findings

Obj.	Doc Ref.	Internal Control Statement/Requirement	Interview Question(s)	Testing Procedure	Notes	Observations Identified
C		Matching, Level of Effort, and Encumbrance				
C.1		The subrecipient's financial records are audited and the auditor's report is available to the grantee. The grantee has reviewed the financial records and the auditor's report and has determined that the financial records are accurate and reliable.	- Do you have documented policies and procedures for tracking matching activities with the Federal program?	The grantee has reviewed the financial records and the auditor's report and has determined that the financial records are accurate and reliable.		
C.2		The subrecipient's financial records are audited and the auditor's report is available to the grantee. The grantee has reviewed the financial records and the auditor's report and has determined that the financial records are accurate and reliable.	- Does your financial auditor (State, Contractor, Management) review your financial statements and submit a written report?	The grantee's financial records are accurate and reliable.		
C.3		The subrecipient's financial records are audited and the auditor's report is available to the grantee. The grantee has reviewed the financial records and the auditor's report and has determined that the financial records are accurate and reliable.	- Have you established policies and procedures for tracking matching activities with the Federal program?	The grantee has reviewed the financial records and the auditor's report and has determined that the financial records are accurate and reliable.		
C.4		The grantee's financial records are audited and the auditor's report is available to the grantee. The grantee has reviewed the financial records and the auditor's report and has determined that the financial records are accurate and reliable.	- Do you have documented policies and procedures for tracking matching activities with the Federal program?	The grantee has reviewed the financial records and the auditor's report and has determined that the financial records are accurate and reliable.		

Work Papers:

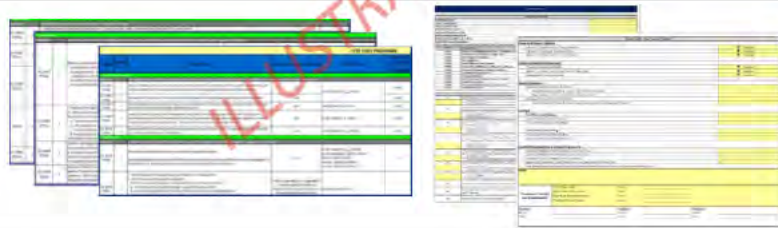
Includes customizable checklists for testing samples of CRF expenditures and procurement

Sample ID	Grant ID	Award ID	Other ID	Sample Description	A	B	C	D	E	F	Sample Status
I	CRF	DPS	Round 1	Building 1	Pass	Fail	Pass	Pass	Pass	Fail	Fail

Attribute	Description	Notes
A	Verify that hours worked are certified by a manager	
B	Verify that time allocated to grant is in some proportion to job description	
C	Verify that time worked on grant activities are clearly identified in the project budget	

Testing procedures:

Evaluates compliance with multiple regulatory and Single Audit requirement



Compliance Plan Presentation

At the conclusion of this phase, our team will present a detailed Compliance Plan within the 20-day required milestone.

Deloitte will confirm that the Compliance Plan deliverables are compliant with Deloitte's quality assurance processes, which Deloitte will confirm with OEM at kickoff. The Compliance Plan will include review conducted, but are not limited of the following:

- Applicable sections of 2 CFR 200 and other federal regulations
- Duplication of Benefits
- New Jersey Department of Treasury Coronavirus Relief Fund MOU
- Document retention policies and procedures
- Eligibility of CRF expenditures by program participants

Reports shall include detailed narrative assumptions, clarifications, and other documentation to support the conclusion of the deliverables with a cross-reference guide to each source. The outcomes of the initial assessments will set the stage for the *Analyze and Test* phase of the project.

Analyze and Test

Analyze and Test	Risk Assessment	<ul style="list-style-type: none"> • Interviewing staff at NJ state agencies that were awarded CRF funds • Risk-based approach for sampling and testing
	Sampling Selection	<ul style="list-style-type: none"> • Sample eligibility determinations and denials of applications and documentation uploaded to NJEMgrants system • Sample CRF expenditures to ensure state agencies are prepared for the State Single Audit
	Perform Testing on the Sample	<ul style="list-style-type: none"> • Reviewing compliance with applicable sections of 2 CFR 200 and other federal regulations • Assist CRF recipients to ensure all required documents are uploaded to NJEMgrants systems • Ensure all expenditure documentation (purchase orders, invoices, proof of payment) are uploaded to the NJEMgrants system • Review document retention policies and processes to meet Federal and State regulations • Evaluate program performance • Evaluate internal controls in place
	Sub-recipient Monitoring	<ul style="list-style-type: none"> • Conduct sub-recipient monitoring in accordance with 2 CFR 200.331, where applicable

Figure 4: Analyze and Test Phase

We will conduct the evaluation based on the information gathered during the *Develop Compliance Plan* phase. Our assessment is based on a three-step methodology: **Step 1: Risk Assessment**, **Step 2: Sampling Selection**, and **Step 3: Perform Testing on the Sample**. The table below provides high level overview of each step:

Table 3: Deloitte Risk Assessment Three-Step Methodology

STEP 1: Risk Assessment	<ul style="list-style-type: none"> • Gather data in the OEM-provided Risk Assessment Template • Assess and analyze documentation • Standardize different identifiers for individual COVID-19 Recovery Program Participants (“Participants”) • Review existing qualitative and quantitative risk information • Request related information • Categorize data by risk factor
STEP 2: Sampling Selection	<ul style="list-style-type: none"> • Review available data points with appropriate stakeholders • Select data points to be used as “Risk Indicators” • Weight the Risk Indicators by impact and likelihood • Weight the Risk Factors based on impact to funding • Select statistical sample sizes to be used during monitoring
STEP 3: Perform Testing on the Sample	<ul style="list-style-type: none"> • Run the assessment in an Excel-based model • Review output of Participants from each risk profile • Modify as required • Determine total count of Participants to be monitored • Select Distribution between “High,” “Moderate,” and “Low” risk pools • Review of Participant types (i.e., Agencies)

STEP 1: Risk Assessment

Our team will gather the data generated by State systems and deploy risk assessment tools. We will tailor the tools and templates using the Risk Integrity Monitoring Reports and Assessment Summary and associated Risk Matrix forms as provided by OEM. Once the assessment is completed and high-risk sub-recipients are identified, we will follow-up with the sub-recipient that have high-risk factors to

identify potentially ineligible CRF expenditures and/or possible fraud, waste, or abuse.

Our team will use OEM’s prescribed risk assessment matrix, complimented by “Deloitte Monitoring Toolkit”, to identify each risk profile of the 23 State agencies receiving CRF funds. This will assist our team in determining what documentation and NJEMgrants inputs are required to support CRF expenditures and eventual monitoring in compliance with 2 CFR 200.331 and State Single Audit requirements.

Our team will **deploy accelerator tools created by Deloitte to support the risk assessment process**. These tools will allow our team to conduct risk integrity assessments efficiently with associated CRF expenditures. Table 3 below provides example and usability of the different accelerator tools:

Table 4: Illustrative Tools, Templates and Process Accelerators.

Risk Indicator Data Aggregation:

The sample data aggregation table is used to create standard definitions for indicators so an “apples to apples” comparison can be made

#	Risk Indicator	Format of Data Request	Indicator Definition	Data Request
1	Total Awarded (Obligated) Funds by Subrecipient	\$	The total of the Federal Share Obligated for the Project awarded to a subrecipient across all projects for the grant.	Please enter the total of the Federal Share Obligated for the Project awards for a subrecipient across all projects for the grant.
2	Total Operating Budget vs Total Award Amount for All Grant Awards	\$	Composure of an entity's annual operating budget to their federal obligations to determine local share needs, unobligated or reserved funds.	Subrecipient's Total Operating Budget For Current Fiscal Year
3	Total Operating Budget vs Total Cash Advance for All Grant Awards	\$	The amount of money the organization has obligated to operate with for the Fiscal Year (current fiscal year) but they are unable to meet the needs of the grant across all projects for the grant.	Total Local Risks required to be provided by Subrecipient Across All Projects (3)

Risk Weighting Tool:

The table is a partial screenshot from Deloitte’s risk assessment tool which could be made available upon request. Deloitte’s tool also includes pre-defined operational risk factors, compliance risk factors, financial risk factors, and manual override categories (i.e. known fraud) and can be modified based on OEM’s needs.

Risk Indicator Number	Risk Factors & Indicators	Risk Indicator Type	Current Status	Risk Indicator Weight	Comments
Financial Risk Factors					
1	Total Awarded (Obligated) Funds by Subrecipient	Quantitative	Active	50%	Do not raise above 60%
2	Percentage of Obligated Funds Paid to Subrecipient	Quantitative	Active	30%	
3	Subrecipient received cash advance	Qualitative	Active	40%	
x	Percentage of Overpayment	Quantitative	Inactive		
x	Advances not accompanied by an encumbrance (blanket advance)	Quantitative	Inactive		
x	Unencumbered reserves as a percentage of obligated funds	Quantitative	Inactive		

High Risk

- The likelihood of a negative impact on the sub grantee's ability to comply with ARRA and Federal requirements is high.
- Extent and Nature of Monitoring: High risk sub grantees require an annual desk review and ongoing communication. Additionally, a sample of high risk sub grantees should be selected for on-site visits.

Medium Risk

- The likelihood of a negative impact on the sub grantee's ability to comply with ARRA and Federal requirements is moderate.
- Extent and Nature of Monitoring: Moderate risk sub grantees require an annual desk review and ongoing communication. Additionally, a sample of moderate risk sub grantees should be selected for on-site visits.

Low Risk

- The likelihood of a negative impact on the sub grantee's ability to comply with ARRA and Federal requirements is low.
- Extent and Nature of Monitoring: Limited monitoring activities are required for low risk sub grantees. Low risk sub grantees require an annual desk review and ongoing communication.

As part of *STEP 1: Risk Assessment*, a risk matrix will be developed for each of the 23 State agencies receiving CRF. These risk matrixes in addition to our accelerator tools will be used as inputs to our sampling selection and testing methodology.

Step 2: Sampling Selection

The Deloitte Monitoring Toolkit can be tailored to compliment program and associated CRF expenditures. Deloitte’s toolkit allows our team to help OEM manage and identify risk and select samples for testing based on Operational, Compliance, and Financial risk indicators as seen below.

Table 5: Sample Risk Factors & Indicators in Deloitte Monitoring Toolkit (Gray Indicated Unavailable Data Set in Sample Analysis)

Risk Indicator Number	Risk Factors & Indicators	Risk Indicator Weight
Financial Risk Factors		40%
1	Size of the Subrecipient’s Total Obligated Funds for Program	
2	% of Obligated Funds Paid to Subrecipient	
3	Amount (\$) of Questioned Costs by Grants Management	
Operational Risk Factors		30%
4	Percentage of Project Progress vs. % of Obligated Funds Paid to Subrecipient	
5	Number of Projects	
6	Issues Identified During Technical Site Inspection	
7	Aging of Longest Outstanding Advance (Days since last Expense Submission)	
8	Project Type & Complexity	
Compliance Risk Factors		30%
9	Number of Outstanding Quarterly Reports	
10	Timeliness of Submission of A-133 Audit Reports to the State	
11	Failure to Submit A-133 Audit	
12	Failure to Respond to Initial/Final Determination Letter	
13	Adverse Auditor Opinion(s)	
14	Number of Significant Issues Noted During Prior Monitoring Activities	
15	Number of Significant Issues Noted and Not Addressed from Prior Years	
16	Quarterly/Progress Report Trending Discrepancies	
17	Instances of Overdue Projects / Missed Deadlines	

Following the *STEP 1: Risk Assessment*, Deloitte will work with OEM to develop a sampling approach for how the high risk and accompanying CRF expenditures will be selected for testing. While various sampling methodologies are available, Deloitte’s extensive work monitoring CRF expenditures have demonstrated that a risk-based stratified expenditure sampling may be effective.

This methodology incorporates quantitative and qualitative factors. This approach also considers factors identified through risk assessments, such as the expense classification and whether it is a cash advance or reimbursement. Over the course of several monitoring engagements, Deloitte’s experience has shown that reviewing an appropriate sample of CRF expenditures incurred across job titles provides reasonable confidence in evidencing compliance with federal requirements. Starting with 20% sampling in terms of amount for the CARES Act funds awarded to the State of New Jersey, sample sizes will be adjusted based on tolerable deviations mutually agreed to with OEM based on each risk level. A review and the subsequent communication of risk assessment findings and remedial actions can take anywhere from a few hours to multiple days depending on the format and number of expenses reviewed, expenditures sampled, availability of information/ documentation, and observations identified.

Step 3: Perform Testing on the Sample

Deloitte will execute the sampling strategy to select a risk-based, diverse and representative sample of the population and execute our plan using testing tools/accelerators to begin testing of high-risk samples and program compliance with the prevailing federal and program guidelines. We will leverage the analytics and diagnostic features of our tools to uncover patterns, trends, and outliers that may be indicative of potential fraud and abuse (e.g., duplication of benefits, mismatch of information against public records, unreconciled payment and applicant amounts). Our team will utilize 2 CFR Chapter II Part 200, as well as the United States General Accounting Office (US GAO) Green Book guidelines to perform these reviews.

The testing process will begin with Deloitte conducting interviews with agency staff at the associated CRF sub-recipient state agencies to gather information regarding agency specific procedures and internal controls. Our team will then work with these agencies to locate proofs related to fund expenditures as well as assist, where required, CRF recipients with the upload of appropriate required expenditure documentation (purchase orders, invoices, proof of payments, etc.) to the NJEMgrants system to affirm adherence to Federal and State document completeness and retention policies.

When analyzing expenditures, it will be important to customize the testing based on what is being reviewed. In anticipation of the types of reviews our team will be performing, we have included a representative list of potential testing methods in the table below. Actual testing will be dependent on the available data and supporting documents.

Table 6: Representative List of Potential Testing Methods

Sample of application attributes	Possible Areas of testing	Methods of Testing
Program Performance	<ul style="list-style-type: none"> • Adherence to OEM's current processes, procedures, and controls • Procedures for monitoring grant sub-recipients as a pass-through entity, in accordance with 2 CFR §200.331 	<ul style="list-style-type: none"> ✓ Evaluate sub-recipient's prior experience, their Single Audit reports, ✓ Review changes in personnel or systems, ✓ Assess agency's available monitoring reports. ✓ Review process with focus on the prevention and detection of fraud, waste, and abuse ✓ Review NJEMgrants system utilization capabilities set in place and document retention policies and processes for compliance with 2 CFR 200 and other federal regulations and applicable MOU

Sample of application attributes	Possible Areas of testing	Methods of Testing
Internal Controls	<ul style="list-style-type: none"> • System controls • Adherence to federal and state guidelines ✓ • Access rights and segregation of duties in the system ✓ • Controls for reconciliation, checks against insurance and other grant funding, etc. ✓ • Support of priority status by back up documentation 	<ul style="list-style-type: none"> Review process flows as applicable to confirm compliance with the established guidelines Review supporting documentation for duplication of benefits, insurance, conflicts of interest, time overcharging, and materials overcharging. Establish knowledge sharing to increase its organic capabilities throughout the grant management program
Expenditure Eligibility	<ul style="list-style-type: none"> • Consistency between documentation, subawards and project worksheets • Project work completion status ✓ • Cost eligibility ✓ • Scope eligibility ✓ • Procurements (Contracts, Agreements, Leases, and Cost Reasonableness) ✓ • Required contract clauses • Bids, Proposals, Quotes ✓ • Invoices, Purchase Orders • Total Project Costs, expense data • Supporting documentation accuracy, legibility and followability 	<ul style="list-style-type: none"> Reconcile Final Claim to expenses documented from the NJEMgrants system Reconcile percentage of total project costs documented Confirm expenses are within the appropriate period of performance related to CARES Act and eligible activities Review supporting documentation for accuracy and reasonableness
Accuracy of Benefits	<ul style="list-style-type: none"> • Calculation checks ✓ • Eligibility Thresholds ✓ • System algorithms 	<ul style="list-style-type: none"> Reperform benefits calculation Review benefits against program thresholds using testing tools configured for this program
Duplication of Benefits	<ul style="list-style-type: none"> • Application control numbers ✓ • Payment Data ✓ • Recurrence of same vendors or address on multiple applications ✓ • Requests for assistance on past grant programs for the same time period • Alternate sources of assistance • System controls ✓ • Calculation checks • Eligibility Thresholds • System algorithms 	<ul style="list-style-type: none"> Test for multiple application control numbers against the same recipient or duplicate application control numbers Request and scan against data sources for similar assistance programs issued such as the CARES Act Require controls against alternate assistance such as employment benefits, confirmation of a reduction in income due to the pandemic, incurrence of significant costs and financial hardship due to the COVID-19 outbreak. Test the NJEMgrants system's ability to identify and flag duplicate applications, property claims, applicants or multiple instances of claims on the same property by various applicants

Additional Tests for Fraud, Waste, and Abuse Risk:

Our approach includes fraud analytics and detection techniques. Our team will identify applicant samples to test across multiple dimensions of the applicant data and utilize third party data such as LexisNexis to compare applicant data.

When and if we identify instances of fraud, waste and abuse, our team will report on what trends appear to be present in applicant data, and the high-risk controls to monitor, and test design and implementation of controls, testing, and monitoring of program activities.

Sub-Recipient Monitoring

Utilizing the Deloitte Monitoring Toolkit, Deloitte has performed extensive sub-recipient monitoring, both for CARES and other federal statute compliance, and will implement Deloitte’s trusted engagement plan to conduct ongoing monitoring of each sub-recipient in accordance with 2 CFR 200.331, where applicable). On-site reviews, training, technical assistance, and contracting for an agreed-upon procedure engagement for monitoring are some examples of various monitoring efforts Deloitte may employ. Further, based on 2 CFR 200 OEM is required to perform specific sub-recipient monitoring actions on an annual basis. Our team will evaluate OEM’s compliance and adherence with the following requirements of sub-recipient monitoring:

Table 7: Representative List of Potential Testing Methods for Sub-recipient Monitoring

Sample of application attributes	Possible Areas of testing	Methods of Testing
Sub-Recipient Monitoring	OEM's process and performance of: <ul style="list-style-type: none"> • Reviewing previous Single Audits of sub-recipients and the issuance of a management decision on findings related to the Federal Award (PA Grants) as part of Desk Reviews • Risk based monitoring plan where various risk factors are applied in classifying sub-recipients and are basis for selecting sub-recipients for site visits • Performing site visits on sub-recipients based on the results derived from the risk assessment • Ongoing monitoring, including the efforts to monitor sub-recipient compliance on a daily basis 	<ul style="list-style-type: none"> ✓ Determine compliance as well as gaps related to sub-recipient monitoring and propose remediation steps where required ✓ Review of applicable sub-recipient policies and procedures in place ✓ Review of OEM staff interviews and sub-recipient agencies meeting minutes to test if relevant procedures in place are followed in practice ✓ Gather reports related to Single Audits as well as site visits and evaluate results

Our team is well equipped to complete above requirements. We will meet the required monthly and quarterly milestones as stated in the RFP and also schedule a weekly touchpoint with OEM where Deloitte will provide a status report and communicate decision points to facilitate consistent and regular communication, execute the required deliverables, and maintain coordination. Please see table 6 below “Sub-recipient Monitoring Dashboards” for sample of site visits executive dashboard reporting.

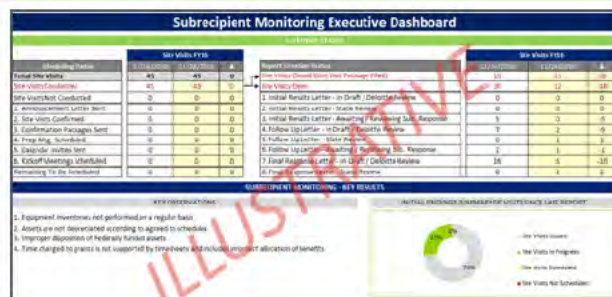
For risks or potential waste, fraud, or abuse which Deloitte observes during the assessment and monitoring activities, we will promptly schedule an ad hoc meeting with the Governor’s Disaster Recovery Office (GDRO), Office of State Comptroller (OSC), State Treasurer, State Contract Manager, and Accountability Officer to provide support that documents the details of Deloitte’s observations.

During monitoring, Deloitte will schedule weekly meetings, as well as arrange for additional meetings as required, to drive the project efficiently and effectively.

Table 8: Sub-recipient Monitoring Dashboards

Sub-recipient Monitoring Dashboards:

Provides compelling visualizations and amplify the story of your sub-recipient’s performance



Checklist of 2 CFR 200.331 Requirements:

Requirements of the Grant Agreement requires that Recipient provide the following information to the sub-recipient when a PW is obligated or versioned

Currently Included?	2 CFR 200.331 Requirements	Currently Included?	2 CFR 200.331 Requirements
Yes	Subrecipient name (which must match the name associated with the award)	Yes	All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award
Yes	Subrecipient unique entity identifier	Yes	Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports
Yes	Federal Award Identification Number (FAN)	Yes	Approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, enter a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part) or a de minimis indirect cost rate as defined in §200.414
Yes	Federal Award Order (use §200.301 Federal award date)	Yes	A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part, and
Yes	Subaward Period of Performance Start and End Date	Yes	Appropriate terms and conditions concerning closeout of the subaward
Yes	Amount of Federal Funds Obligated by this action		
Yes	Total Amount of Federal Funds Obligated to the subrecipient		
Yes	Take Amount of the Federal Award		
Yes	Federal award project description, as required to be reported in Transparency Act		
Yes	Name of Federal awarding agency, pass-through entity		
Yes	CFDA Number and Name; the pass-through entity must attach Federal award and the CFDA number of the award		
Yes	Identification of whether the award is (SAC) and indirect cost rate for the Federal award (including if the (FSA) costs)		

Reporting



- Monthly Status Reports
- Draft Quarterly Integrity Monitoring Progress Reports
- Final Quarterly Integrity Monitoring Progress Reports
- Risk Integrity Monitoring Matrix
- Waste, Fraud, Abuse, or Potential Criminal Conduct Reports, as needed
- Additional Reports, as needed

Figure 5: Reporting

Reporting and Deliverables

After conducting the monitoring activities, our team will consolidate the information and provide results back to OEM to promote transparency. In addition to required Monthly and Quarterly reporting, our team will work with OEM to define an effective cadence in which to report on project progress. The Deloitte Monitoring Toolkit accelerators will enable our team to produce the required monthly and quarterly reports and accompanying matrices in an efficient and timely manner.

Outcomes Based Reporting:

Our Status Reports will demonstrate outcomes achieved and progress made to date. After report drafts have been prepared, and as described in the Engagement Query, Deloitte will provide the opportunity for feedback and additional information to be provided in response to findings to constructively resolve identified issues. Our team understands the importance of having open and productive communication channels. Not only will Deloitte provide the required reports, our team will also provide additional reports for the State's leadership and the OSC per E.O. 166 requirements. Findings of waste, fraud, abuse, misuse, or potential criminal conduct will be treated with the required importance throughout the monitoring process and escalated to OEM representatives.

Monthly Status Reports

Deloitte understands OEM has a variety of essential reporting needs for this Engagement Query and are confident that Deloitte's tools will support these requirements. While our team will provide weekly updates, during the monthly status meetings, our team will escalate specific monitoring-related risks and provide a presentation regarding the submitted Monthly Status Report. An illustrative sample visualization from our monthly presentation regarding risk assessment status and escalation is below:

		Key Takeaways	
		NISP	Deloitte
		1. Key action items for OEM staff outlined here	1. Key action items for Deloitte Team outlined here
Status Legend		● On Track (OT)	● Continue to Assess Risk (AR) ● Potential Issue (PI) ● Pending NJSP Finalization (PF)
Task	Status	Completed	Planned
Internal Control Assessments	●	• Completed tasks summary listed here	• Planned tasks summary listed here
Risk Assessments	●	• Completed tasks summary listed here	• Planned tasks summary listed here
Sampling & Transaction Testing	●	• Completed tasks summary listed here	• Planned tasks summary listed here
Reporting	●	• Completed tasks summary listed here	• Planned tasks summary listed here

Figure 6: Sample Outline of the Monthly Report

Quarterly Integrity Monitoring Progress Reports

Utilizing Deloitte Monitoring Toolkit, Deloitte envisions the reporting process to be an effective flow of useful information from Deloitte's proprietary tools to OEM's required templates for satisfying reporting commitments stated in the RFP.

On the last day of the calendar quarter, Deloitte will provide OEM a draft of the quarterly report and accompanying risk matrix. This report will have details of specific services rendered as well as findings of waste, fraud, or abuse. After 15 business days, Deloitte will send the final reporting package with comments to OEM. Our team will then collaborate with OEM to review the report, make the requested changes, and finalize the reports and matrices. Deloitte's depth and breadth of experience will help our team's ability to respond promptly and efficiently to OEM responses within the prescribed 15-day timeframe.

While OEM has reporting obligations as defined in the Treasury MOUs, Deloitte understands OEM will be reporting to the high levels of the State of New Jersey government, including but not limited to, elected officials, Attorney General, and State Comptroller. Deloitte will confirm that the deliverables are compliant with Deloitte's quality assurance processes, which will be confirmed with OEM at kickoff.

Risk Matrix

The Quarterly Reports will include risk matrices in accordance with OEM template documents. Upon completion of the Risk Integrity Assessment using Deloitte accelerators, our team will succinctly summarize the results of the assessment in the prescribed matrix template in user friendly terminology so the content can be meaningful to practitioners, the State decision makers, and enforcement entities, if required.

Additional Reports, as needed

Furthermore, Deloitte recognizes there may be a need to produce additional reports required by the OSC as outlined in E.O. 166. In these instances, because our team will have compiled a significant amount of information in Deloitte Monitoring Toolkit accelerators, our team will be able to produce additional data and points of information upon OSC's request, if requested by OEM.

Staffing & Cost

Engagement Query Section III.B: A detailed budget identifying staff classifications and hourly rates which shall not exceed the rates in the Integrity Monitoring BAFO Price Schedule.

Deloitte will bring the right team and experience at a competitive rate.

Our Capacity to Support

Our team has professionals located across the State of New Jersey, as well as in New York City and Philadelphia, who can provide across the State of New Jersey. Our team will be available for virtual and onsite monitoring visits, as appropriate. The methodology and decisions made regarding onsite visits will be documented.

Staff Classification Mix and Costs

Deloitte is mindful that cost is an important consideration in selecting a professional services provider. Deloitte believes that fees alone should not be the determining factor in selecting a service provider. Fees should be weighed against the resources offered and benefits that will be provided by the professional services provider. While Deloitte's hourly rates have already been agreed upon in the BAFO; after review of the overall proposed price our team is ready to discuss with OEM, the precise level of work required for each task and collaboratively make further adjustments.

Deloitte's total proposed price for the duration of the **contract is \$1,852,232**. Below is Deloitte's proposed pricing broken down various scope components.

Table 9: Proposed Pricing Table

Total Price	\$	1,852,232
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Staff Position	Hours	Hourly Rate	Total Cost
Compliance Plan Development			\$ 74,220
Partner/Principal/Director	3	280	\$ 840
Program Manager	24	255	\$ 6,120
Project Manager	60	223	\$ 13,380
Senior Consultant	120	185	\$ 22,200
Consultant	240	132	\$ 31,680

Staff Position	Hours	Hourly Rate	Total Cost
Perform Risk Assessment			\$ 49,792
Partner/Principal/Director	1	280	\$ 280
Program Manager	24	255	\$ 6,120
Project Manager	24	223	\$ 5,352
Senior Consultant	120	185	\$ 22,200
Consultant	120	132	\$ 15,840

Staff Position	Hours	Hourly Rate	Total Cost
Sample Selection			\$ 19,970
Partner/Principal/Director	1	280	\$ 280
Program Manager	10	255	\$ 2,550
Project Manager	20	223	\$ 4,460
Senior Consultant	40	185	\$ 7,400
Consultant	40	132	\$ 5,280

Staff Position	Hours	Hourly Rate	Total Cost
Compliance Testing			\$ 1,409,750
Partner/Principal/Director	50	280	\$ 14,000
Program Manager	250	255	\$ 63,750
Project Manager	1000	223	\$ 223,000
Senior Consultant	1000	185	\$ 185,000
Consultant	7000	132	\$ 924,000

Staff Position	Hours	Hourly Rate	Total Cost
On-Site Monitoring as Needed			\$ 298,500
Partner/Principal/Director	15	280	\$ 4,200
Program Manager	100	255	\$ 25,500
Project Manager	400	223	\$ 89,200
Senior Consultant	400	185	\$ 74,000
Consultant	800	132	\$ 105,600

Staff Position	Hours	Hourly Rate	Total Cost
On-Going and Final Reporting			\$ 21,840
Partner/Principal/Director	10	280	\$ 2,800
Program Manager	20	255	\$ 5,100
Project Manager	40	223	\$ 8,920
Senior Consultant	20	185	\$ 3,700
Consultant	10	132	\$ 1,320

Pricing Assumptions

Deloitte has crafted the level of effort for this work based on the following pricing assumptions. We understand that OEM has a better understanding of the full scope and level of effort required for these tasks. Deloitte leadership team is open to work with OEM to understand the exact level of effort required through the contract execution process and open to modifying this level of effort in collaboration with OEM.

See below for additional notes on Deloitte's pricing:

- Level of effort reflects designing assessment procedures based on review of 85 MOUs some with multiple awards.
- The level of effort assumes testing up to a thousand transactions in the sample.
- The extent of the testing procedures will be determined by the volume and complexity of transactions to be tested within the timeframe available for testing as well as the desired level of sampling confidence desired by OEM. Changes to these factors may impact the level of effort.
- Site visits may likely be conducted if required by the results of the risk assessment or if sufficient confidence regarding compliance can't be established based on available data.
- Should the sample testing indicate a high instance of compliance exceptions, Deloitte will propose expanded testing procedures or increasing of the sample size for OEM's consideration which will impact the level of effort.
- Level of effort assumes prompt response from OEM and sub-recipient agencies for interview and data requests.
- OEM will provide a point of contact who will be responsible for coordinating meetings with sub-recipients and OEM stakeholders.
- OEM will make timely decisions so as to not impact the engagement schedule.
- Sub-recipient data is structured and uncorrupted, and stored in a centralized location, and Deloitte will be provided access to the centralized database.
- The Engagement will commence upon the issuance of a Letter of Engagement and expire on December 31, 2021. In the event that services are

requested beyond December 31, 2021, we will discuss it with OEM and this SOW will be amended in writing to include such additional work prior to performing any additional work.

- If there are unforeseen business conditions that require the engagement to go beyond the expiration date, we may request a variation to our proposed schedule and fee.
- Travel will be based on actual costs incurred and billed separately and is not included in Deloitte's engagement fees above.

Project Assumptions

See below for additional notes and project assumptions:

- Based on the complexity of this contract, issues may arise that require procedures beyond what was initially anticipated within this SOW. If this should occur, we will discuss it with OEM and this SOW will be amended in writing to include such additional work prior to performing any additional work.
- OEM shall be solely responsible for, among other things (a) the performance of its personnel and agents; and (b) the accuracy and completeness of all data and information provided to Contractor for purposes of the performance of the Services. Our performance is dependent upon the timely and effective satisfaction of OEM's responsibilities and timely decisions and approvals of OEM in connection with the Services. We shall be entitled to rely on all decisions and approvals by OEM. OEM will promptly notify Contractor of any issues, concerns or disputes with respect to the Services.
- Our services will be performed in accordance with the Statement on Standards for Consulting Services of the American Institute of Certified Public Accountants and will not constitute an engagement to provide audit, compilation, review, or attestation services as described in the pronouncements on professional standards issued by the AICPA the Public Company Accounting Oversight Board, or other regulatory body and, therefore, we will not express an opinion or any other form of assurance as a result of performing the Services.
- We will not provide any legal advice regarding our Services nor will we provide any assurance regarding the outcome of any future audit or regulatory examination or other regulatory action; the responsibility for all legal issues with respect to these matters, such as reviewing all deliverables and work product for any legal implications to OEM, will be OEM's.

- OEM will be responsible for all decisions related to any actions taken by OEM and/or for any procedures implemented by OEM based upon the deliverables provided by Deloitte & Touche. Based upon the Scope of Work, Deloitte & Touche will be assisting in various projects, but will not be providing or including recommendations within its deliverables.
- Due to the evolving nature of fraudulent schemes, we cannot assure OEM that all actual or potentially fraudulent claims activity can be identified. Other professionals may perform procedures concerning the same information or data and reach different findings than Deloitte & Touche for a variety of reasons, including the possibilities that additional or different information or data might be provided to them that was not provided to Deloitte & Touche, that they might perform different procedures than did Deloitte & Touche, or that professional judgments concerning complex, unusual, or poorly documented transactions may differ.
- We request your approval to subcontract any part of the services to our affiliates in the United States. Deloitte & Touche will be responsible for the services performed by our affiliates as our subcontractors.

Project Timeline for Submission of the Deliverables

Engagement Query Section III.C: A timeline for submission of the deliverables required by this Engagement Query.

Deloitte’s tailored schedule incorporates a three-phase approach and provides a timeline for the submission of the contract deliverables found in the RFP. If additional milestones or deliverables are identified, Deloitte will incorporate in the schedule and provide an updated version at the weekly and monthly status meetings with OEM.



Figure 7: Deloitte’s Tailored Schedule

As stated in the Q&A responses as part of this RFP. We note that there are plans to extend the monitoring beyond the deadline of December 31, 2021 in accordance with normal Grant Management protocols. We will discuss and submit a revised timeline with OEM for the extension plans, as needed.

Conflicts of Interest

Currently, Deloitte is not aware of any known conflicts with the State of New Jersey, Department of Treasury, New Jersey State Police or OEM.

Deloitte and OEM will collaborate to avoid or mitigate conflicts of interest or independence concerns that may arise related to other work Deloitte may take on for the State or its local governments. In addition, we will use our conflict checking procedure to help ascertain if a potential or actual conflict of interest may exist as the parties to each task order become known to us. If we believe that a potential or actual conflict exists, we will consult with you on the measures we will take to mitigate or avoid the situation.



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