

Letter of Engagement

December 16, 2020

Successful Bidder: K2Intelligence

On behalf of the Department of the New Jersey State Police, this is notice of the intent to award this IM engagement.

The bid will be awarded to K2Intelligence whose proposal is most advantageous to the State, price and other factors considered.

The total amount of this contract must not exceed the amount of 117,275.00.

The successful bidder is instructed not to proceed until a purchase order is issued.

Thank you for your participation in this bid.

Sincerely,

Mona Cartwright
IM State Contract Manager

New Jersey State Police Engagement Query for Integrity Oversight Monitor November 30, 2020

Waiver AO-030 – Integrity Monitor Engagement Query-Corona Relief Fund

This Engagement Query is issued by the Department of the Treasury on behalf of **the New Jersey State Police**. The purpose of this engagement query is to **procure the services of an Integrity Monitor as set forth below**.

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. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act, H.R. 748, (“CARES Act”) was enacted to provide economic stimulus in response to the global pandemic caused by COVID-19, (COVID-19 Recovery Funds).

The CARES Act was enacted to assist State, Local and Tribal governments navigate the impact of the COVID-19 outbreak. Under the CARES Act, the Coronavirus Relief Fund (CRF) provides funding for necessary expenditures related to the public health emergency incurred between March 1, 2020 and December 30, 2020.

On July 17, 2020, Governor Murphy signed Executive Order 166 (“EO 166”), which established the COVID-19 Compliance and Oversight Task Force (the “Taskforce”) and the Governor’s Disaster Recovery Office (GDRO). Pursuant to EO 166, the Taskforce has issued guidelines (“IOM Guidelines”) regarding the appointment and responsibilities of COVID-19 Integrity Oversight Monitors (“Integrity Monitors”). 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.

The New Jersey Department of the Treasury (Treasury) has established a pool of qualified Integrity Monitors for oversight of Coronavirus Relief Fund Allocations pursuant to the Request for Quotation for Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for Coronavirus Relief Funds pursuant to Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act COVID-19 Recovery Funds and Programs (IOM RFQ) that Using Agencies may now procure in the discharge of their responsibilities under EO 166, as described in the Taskforce’s Integrity Oversight Monitor Guidelines.

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

A. Background

The NJSP has implemented a number of programs to address the challenges caused by the COVID-19 pandemic and has been central to New Jersey's response to the pandemic's economic impact. The NJSP's relief efforts have focused specifically on necessary expenditures incurred for the recovery and planning of responding to the COVID-19 pandemic.

The NJSP's core COVID-19 relief package consists of five programs:

- County Testing and Reimbursement Program (12 MOUs);
- NJSP Radio System Upgrade;
- NJSP/NJOEM FEMA Cost Share for COVID-19 Related Expenditures;
- NJSP/NJOEM COVID-19 Projects
- NJSP COVID-19 Related Payroll Expenses

From the CRF funding received by the State of New Jersey, the Treasurer has allocated to the NJSP \$441,042,840.48, which is comprised of:

- \$36,892,334.16 for NJSP/NJOEM to assist counties with maintenance and/or expansion of COVID-19 testing, testing of vulnerable populations, and to assist with the reimbursement of previous COVID-19 related expenditures that are CRF eligible and not otherwise eligible for payment by other federal grants or insurance (**Priority #1 for review**);
- \$49,229,301.32 for NJSP expenditures related to coordination of radio communications in response to the COVID-19 pandemic (**Priority #2 for review**)
- \$12,021,205 for NJSP/NJOEM COVID-19 related projects (**Priority #3 for review**);
- \$100,000,000 FEMA 25% Cost Share for NJSP and other State Agencies' COVID-19 expenditures related to DR 4488; and
- \$242,900,000 (maximum) to reimburse for NJSP eligible COVID-19 related payroll expenses incurred March 13, 2020 through December 30, 2020.

NJSP/NJOEM entered into Memoranda of Understanding (MOU's) with twelve counties totaling \$36,892,334.16 to assist with COVID-19 related expenditures to maintain and/or expand COVID-19 testing and to provide for a regional coordination mechanism to ensure resources on the ground are being deployed expeditiously, efficiently, and without duplication. NJOEM distributed funding using a methodology that was based on a combination of population and expenditures, which includes costs to-date and actual costs going forward after Federal Emergency Management Agency (FEMA) or private insurance reimbursements are made. MOU's were entered into with the following counties:

- Atlantic County - \$3,106,416.75
- Burlington County - \$3,554,510.06
- Cape May County - \$2,704,767.40
- Cumberland County - \$1,816,581.72
- Gloucester County - \$3,200,211.13
- Hunterdon County - \$1,321,016.00
- Mercer County - \$4,031,833.00

- Morris County - \$7,091,913.12
- Salem County – \$1,445,157.43
- Somerset County - \$5,429,286.25
- Sussex County - \$1,809,001.00
- Warren County - \$1,381,640.30

NJSP/NJOEM utilized \$49,229,301.32 of CRF funding to upgrade existing radio communication systems to a P25 digital mobile radio communications system. In order to effectively respond to the COVID-19 pandemic, radio communications needed to be coordinated between hospitals, ambulance dispatch centers, statewide air medivac and numerous State and local agencies. This need for coordination also required the deployment of emergency management personnel, providing communications for convoy escorts of personal protective equipment, portable radio assets, and the assignment and coordination of radio channels utilized in the response to the COVID-19 pandemic. The existing system was unable to provide reliable and secure radio communications abilities to the various users of the system, which in turn hindered COVID-19 response throughout the State. The deficiencies in the existing radio system could not be rectified by any software or hardware upgrades as the software is no longer supported and the parts are no longer available.

Funding was also received for NJSP/NJOEM COVID -19 related projects totaling \$12,021,205. The projects consist of the following:

- NJOEM NJEMGrants (MB3) System Upgrade - \$95,000
- NJOEM Staff Salary Reimbursements - \$1,800,000
- ESRI Upgrades for County OEMs- \$550,000
- OEM Video Conferencing for the Regional Operations Intelligence Center (ROIC) - \$150,000
- Preparedness Bureau Pandemic Response Package - \$270,000
- Identification & Information Technology Network Enhancements: School Safety and Outreach Unit - \$11,000
- Training Bureau NJSP Academy (160th Recruit Class) - \$1,341,565
- Training Bureau COVID Preparation - \$303,640
- Emergency Response Vehicles - \$7,500,000

Additionally, the New Jersey COVID-19 Task Force allocated \$100,000,000 to the NJSP pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act, the U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA). FEMA determined that a portion of the funding from the CRF/CARES Act could be used as the 25% State match (cost-share) for DR4488 reimbursable COVID-19 pandemic related funding. This 25% cost-share equates to \$100,00,000 and has been used by the NJSP for personal protection equipment (PPE) for NJSP and other state agencies.

Lastly, the NJSP received \$242,900,000 of CRF funds to pay eligible COVID-19 Pandemic related payroll expenses incurred March 13, 2020 through December 30, 2020.

B. Detailed Scope of Work

1. Risk Assessment

The IOM engaged by the NJSP will work with the NJSP's Accountability Officer and other staff to conduct a risk assessment of the COVID-19 Recovery Programs described in Part A above ("Risk Assessment"). The Risk Assessment shall include a review of NJSP's ability to comply with the CARES Act, or other federal statutory and regulatory requirements as well as applicable state law and regulations of the COVID-19 Recovery Programs described in Part A. The Risk Assessment shall comply with the requirements of the IOM Guidelines. At minimum, the IOM shall assess the risk inquiry areas set forth on the Risk Matrix at Attachment 1.

2. Monitoring

The IOM engaged by the NJSP will be responsible for monitoring the NJSP's compliance with applicable agreements, federal and State regulations and guidelines with the intent to safeguard COVID-19 Recovery Funds. This may include:

- 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;
- Reviewing document retention policies and processes; and
- Other tasks listed in the IOM Guidelines or deemed appropriate as directed by NJSP.
- Promptly respond to any inquiries from the Office of the State Comptroller (OSC) regarding Tasks under this Engagement.

C. Specific Performance Milestones/Timelines/Standards/Deliverables

1. Risk Assessment

The IOM engaged by the NJSP shall deliver a draft Risk Assessment within thirty (30) days of receiving a Letter of Engagement but no later than **December 21, 2020** (whichever is earlier). The NJSP will provide written feedback within one week. The IOM will finalize and transmit the final Risk Assessment within one week of receiving the NJSP's feedback but no later than **December 30, 2020** (whichever is earlier).

2. Reporting Requirements

a. Reporting

As required by EO-166 and the IOM Guidelines, the IOM engaged by the NJSP shall submit a draft report to the NJSP on or before December 21, 2020, detailing the specific services rendered to date and any findings of waste, fraud, or abuse. The NJSP will have the opportunity to respond to the findings within one week following receipt of the IOM's draft report. On or before December 30, 2020, the IOM engaged by the NJSP will deliver its final report and any response from the

NJSP to the State Treasurer, who will share the reports with the Governor's Disaster Recovery Office (GDRO), the Senate President, and the Speaker of the General Assembly, the Attorney General, and the State Comptroller. The IOM's report will be posted on the GDRO transparency website pursuant to EO-166. Integrity Monitor Report shall be completed using the CRF Integrity Monitor Report Template at Attachment 2.

In the event this Engagement is extended beyond the expiration date set forth below, the IOM shall submit a draft report to the NJSP detailing the specific services rendered and any findings of waste, fraud, or abuse. The NJSP will have the opportunity to respond to the findings within one week following receipt of the IOM's draft report. Fifteen business days after the NJSP's response, the IOM shall deliver its final report, inclusive of any comments from the NJSP, to the State Treasurer, who shall share the report with the GDRO, the Senate President, and the Speaker of the General Assembly, the Attorney General, and the State Comptroller. The Integrity Monitor Report will be posted on the COVID-19 transparency website pursuant to E.O. 166.

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

The IOM shall immediately report issues of waste, fraud, abuse and misuse of COVID-19 recovery funds to the GDRO, Office of the State Comptroller (OSC), the State Treasurer, the Contract Manager, and the NJSPs Accountability Officer. The IOM shall report issues of potential criminal conduct to the Office of the Attorney General.

c. Additional Reports

E.O. 166 directs OSC to oversee the work of IOMs. Therefore, in accordance with E.O. 166, OSC may request that the IOM issue reports or prepare memoranda that will assist the OSC in evaluating whether there is waste, fraud, or abuse in COVID-19 Recovery Programs covered by this Engagement. OSC may also request that the IOM share any corrective action plan(s) prepared by NJSP to evaluate whether those corrective plan(s) have been successfully implemented.

D. Proposal Content:

At minimum, the Integrity Monitor's proposal shall include the following:

- 1) A detailed plan to perform the scope of work with a person/hour and staff classification mix proposed to meet the scope of work of this Engagement Query. The proposal must explain how the Integrity Monitor intends to accomplish each component of the scope of work.
- 2) A detailed budget to perform the scope of work reflecting the Price Schedule submitted by the Integrity Monitor in response to the IOM RFQ.
- 3) A schedule identifying the deliverables to be submitted under 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.

E. Duration of the Engagement:

The Engagement will commence upon the issuance of a Letter of Engagement and expire on December 30, 2020. At the option of the NJSP, this Letter of Engagement may be extended if the deadline for use of Coronavirus Relief Funds is extended under the CARES Act. Any extension to this Letter of Engagement, however, may not exceed the Contract Term, and any extensions thereto, as set forth in Section 5.2 of the IOM RFQ.

F. Liquidated Damages (for the failure to meet any required milestones, timelines, or standards or deliverables)

The IOM’s failure to comply with the requirements of the contract, including but not limited to EO-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 NJSP or imposition of such other remedy as the NJSP deems appropriate.

At the NJSP’s option, such a breach of contract may result in the imposition of liquidated damages. The NJSP and the IOM agree that it would be extremely difficult to determine actual damages which the NJSP will sustain as the result of the IOM’s failure to meet its contractual requirements. Any breach by the IOM: could prevent the NJSP from complying with EO-166, the IOM Guidelines, and laws applicable to the use and expenditure of CRF and other public funds; will adversely impact the NJSP’s ability to ensure identification and mitigation of risks; and may lead to damages suffered by the NJSP and the State as a whole. If the IOM fails to meet its contractual obligations, the NJSP may assess liquidated damages against IOM as follows:

Failure to deliver a draft Risk Assessment within thirty (30) days of receiving a Letter of Engagement or by 12/21/20 (whichever is earlier)	\$500/day
Failure to deliver a final Risk Assessment by 12/30/20	\$1,000/day
Failure to deliver a final report by 12/30/20	\$500/day

The Parties agree that these liquidated damages are reasonable estimates of the damages the NJSP may sustain if the IOM fails to meet its contractual obligations and are not to be construed as penalties.

The NJSP has the sole discretion to determine whether liquidated damages should be assessed. Assessment of liquidated damages shall be in addition to, and not in lieu of, such other remedies as may be available to the NJSP.

Upon determination that liquidated damages are to be assessed, the NJSP shall notify the IOM of the assessment in writing. The NJSP may, in its sole discretion, give the IOM an opportunity to cure depending on the situation. The NJSP may elect to notify the IOM that liquidated damages may be assessed so as to provide a warning, prior to assessing liquidated damages, but if the NJSP does not provide such a warning the NJSP is not precluded from assessing liquidated damages. Failure to assess liquidated damages or to demand payment of liquidated damages within any period of time shall not constitute a waiver of such claim by the NJSP.

Once assessed, the NJSP will deduct liquidated damages from any moneys it owes to the IOM, and in the event the amount due the IOM is not sufficient to satisfy the amount of the liquidated damages, the IOM shall pay the balance to the NJSP within thirty (30) calendar days of written notification of the assessment. If the amount due is not paid in full, the balance will be deducted from subsequent payments to the IOM.

During the engagement, the NJSP Accountability Officer, Captain Scott Poulton, [REDACTED] shall serve as the NJSP's point of contact.

G. Questions regarding this Engagement Query:

Any questions related to the Scope of Work must be submitted electronically by 3:00PM on December 4, 2020. They must be submitted via email to Walt Babecki, Agency Contract Manager, NJSP [REDACTED] and [REDACTED], Fiscal Manager, Department of the Treasury.

H. Submission of Proposals:

Detailed proposals in response to this Engagement Query shall be submitted electronically by 3:00PM on December 10, 2020. They 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(s):

Walt Babecki, NJSP Grants Administration Bureau
[REDACTED]

Laura Maley, NJSP Grants Administration Bureau
[REDACTED]

I. 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.

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

The State Contract Manager will then issue a Letter of Engagement with a "not to exceed" clause to the selected proposer.

ATTACHMENTS

Attachment 1: Risk Matrix Template

Attachment 2: 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.

Risk Matrix

Agency/ Authority:	
Program:	
Funding Source:	
Recipient or Subrecipient:	
Completed By:	
Date:	

Risk Inquiry Areas	Rating Element	Summary Assessment/Description of Risks Identified	Risk Level (Low, Medium, High)
Inquiry 1			
Organizational leadership, capacity, expertise, and experience managing and accounting for federal grant funds in general, and disaster recovery funds in particular.	Assess your agency's experience and staffing capacity to manage and account for federal grant funds and/or disaster recovery funds. Considerations include: your agency's organizational structure, supervisory roles, delegation of authority, line level staffing capacities, experience at all levels, and responsibilities and relations within and between different divisions or offices within your agency. Does your agency have a monitoring and oversight plan to assess your continued performance and compliance with the CARES fund requirements, federal and state laws and regulations? Does that plan include an assessment of internal controls, review of risks, threats and prevention and detection of fraud, waste, and abuse? How will your agency address risk areas and the need for corrective action?		
Inquiry 2			
Input from the individuals/units that will be disbursing funds or administering the program.	How will your agency plan for the use of the CARES funds? Does your plan include considerations for federal and state requirements and eligible uses of the funds? Does your plan establish adequate funding and staffing requirements for administering the funds? Is your plan consistent with your statutory mission and the CARES fund objectives? Does your plan include or contemplate the inclusion of input from line staff that are administering the program?		
Inquiry 3			
Review of existing internal controls and any identified weaknesses.	Has your agency reviewed its internal controls to ensure that policies and procedures are in place to satisfy the CARES fund requirements, federal and state laws and regulations? Are your agency policies and procedures adequate? Are they updated for all relevant processes required for the administration of the CARES funds? Does your agency have a monitoring and oversight plan to assess your continued performance and compliance with the CARES fund requirements, federal and state laws and regulations? Does that plan include an assessment of internal controls, review of risks, threats and prevention and detection of fraud, waste, and abuse? How will your agency address risk areas and the need for corrective action?		
Inquiry 4			
Prior audits and audit findings.	Has your agency been audited in the past? Have you considered and addressed any prior audit findings and recommendations that may be applicable to your success in overseeing COVID stimulus funding?		
Inquiry 5			
Lessons learned from prior disasters.	Has your agency been audited after a previous disaster? Have you considered and addressed any findings and recommendations from such audit(s)?		
Inquiry 6			
Sub-recipient internal control weaknesses, if applicable.	If your agency is overseeing sub-recipients, have the sub-recipients been the subject of prior negative audit findings and recommendations that could impact oversight? How will your agency ensure that sub-recipients adhere to all requirements relating to their receipt of funds, including their use of funds and the reports they will be required to submit documenting their use of such funds?		

Inquiry 7			
Adequacy of financial, acquisition, and grants management policies and procedures, including technological capacity and potentially outdated financial management systems.	When is the last time there was an assessment of financial, acquisition, and grants management policies and procedures? Is technological capacity an issue? Are the financial management systems adequate or outdated? Have the systems been updated or can they be updated to function adequately for the administration of the CARES funds?		
Inquiry 8			
Barriers to reporting.	Does your agency have, or intend to develop, templates/forms or other documentation to report the results of the funding awards, including how your agency will respond to oversight bodies seeking to ascertain who received funds, the amount of funds, and the date funds were distributed?		
Inquiry 9			
Experience with state and federal procurement processes, value of anticipated procurements, and reliance on contractors to meet program goals and objectives.	Assess and evaluate your agency's procurement processes and experience with state and federal procurement requirements. Do you have a trained and qualified contract manager assigned to the contract? Do your contracts contain provisions to ensure that contracted vendors provide all necessary reports in the form/manner proscribed by contract? Have your contract templates been reviewed and checked for necessary state and federal contract language? If emergency contracts have been entered into, how do you plan to transition after the urgent need has ended? Do you have plans to conduct a cost analysis?		
Inquiry 10			
Potential conflicts of interests and ethics compliance.	Evaluate the means used to ensure that there is adequate separation of duties surrounding program funding requests and determinations. Does your agency have a code of conduct or policy describing measures to guard against potential conflicts of interest?		
Inquiry 11			
Amount of funds being disbursed to a particular category of sub-recipient and the complexity of its project(s).	Evaluate the guidance, policies and procedures, or other documents that are being used to ensure that your agency properly oversees the sub-recipients' use of funds, including those relating to internal recordkeeping, monitoring, and sub-recipient reporting. Does your agency have a plan to monitor sub-recipients' compliance with program requirements and those outlined in Uniform Grant Guidance 2 C.F.R. 200.331 (Requirements for pass through entities)? Does that plan assess risk of sub-recipients? Does that plan include training and training documents? Have you prepared templates or other reporting forms that you will be providing to sub-recipients? Has your agency developed a plan to address sub-recipient noncompliance?		
Inquiry 12			
Whether federal or state guidelines provide guidance regarding the uses of funds (i.e., discretionary vs. restrictive).	Evaluate how eligibility determinations will be made? Does your agency have written guidance or policies and procedures that provide direction in making and documenting eligibility determinations? Is the completeness and accuracy of information used in eligibility determinations verified? If so, how? By whom? Is there supervisory review and approval in this process?		

Note: This risk assessment tool may not include all relevant risk factors for your particular agency. Each agency should undertake a review to determine whether any additional risk areas should be reviewed, should identify those areas here, and should analyze them in accordance with the format of this tool.

Integrity Monitor Firm Name: _____
 Engagement: _____
 Quarter Ending: _____

No.	Recipient Data Elements	Response	Comments
A. General Info			
1.	Recovery Program Participant		
2.	Federal Funding Agency (e.g. Section 5001 of CARES Act)		
3.	State Funding (if applicable)		
4.	Award Type		
5.	Award Amount		
6.	Accountability Officer		
7.	Brief Description Purpose and Rationale of Integrity Monitor Project/Program		
8.	Contract/Program Location (if applicable)		
9.	Amount Expended by Recovery Program Participant to Date		
10.	Amount Provided to other State or Local Entities		
11.	Completion Status of Contract or Program		
12.	Expected Contract End Date/Time Period		
B. Monitoring Activities			
13.	If FEMA funded Brief description of the status of the project worksheet and its support.		
No. Recipient Data Elements			
14.	Quarterly Activities/Project Description (include with specificity activities conducted such as meetings document review staff training etc)		
15.	Brief description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program.		
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.		
17.	Has payment documentation in connection with the contract/program been reviewed? Please describe		
18.	Description of quarterly activity to prevent and detect waste fraud and abuse.		
19.	Provide details of any integrity issues/findings		
20.	Provide details on any other items of note that have occurred in the past quarter		
21.	Provide details of any actions taken to remediate waste fraud and abuse noted in past quarters		
No. Recipient Data Elements			
C. Miscellaneous			
22.	Attach a list of hours (by employee) and expenses incurred to perform your quarterly integrity monitoring review		
23.	Add any item issue or comment not covered in previous sections but deemed pertinent to monitoring program.		

Name of Integrity Monitor: _____ Name of Report Preparer: _____
 Signature: _____
 Date: _____



New Jersey State Police's Engagement Query for Integrity Oversight Monitor

Prepared For:

The New Jersey State Police

Attention:

State Contract Manager

Mona Cartwright, Fiscal Manager, Department of the Treasury

[REDACTED]

Cc:

Agency Contract Managers:

Walt Babecki, New Jersey State Police Grants Administration Bureau

[REDACTED]

Laura Maley, New Jersey State Police Grants Administration Bureau

[REDACTED]

December 10, 2020

Mona Cartwright, State Contract Manager, Fiscal Manager
Department of the Treasury
State of New Jersey
PO Box 211
Trenton, NJ 08625

December 10, 2020

Request for Quotation (“RFQ”): New Jersey State Police’s Engagement Query for Integrity Oversight Monitor

Dear Ms. Cartwright,

We are pleased to submit our response to the Engagement Query for an Integrity Oversight Monitor.

K2 Intelligence, LLC (“K2”) is an industry-leading integrity monitoring, investigative, compliance, and cyber defense services firm founded in 2009 by Jeremy M. Kroll and Jules B. Kroll, the originator of the modern corporate investigations industry. In late 2019, K2 merged with the **Financial Integrity Network**, a premier strategic advisory firm dedicated to helping clients achieve their financial integrity goals. By merging resources and expertise, **K2-FIN** seeks to revolutionize how organizations and jurisdictions manage risk, gather intelligence, protect themselves from illicit activity, and enhance business opportunities.

K2-FIN is uniquely positioned to assist the state of New Jersey with the Integrity Oversight Monitoring, given the depth and breadth of our experience in working with public sector oversight bodies in New Jersey and elsewhere to identify and root out actual or suspected fraud, waste, and abuse on public sector projects. We would be happy to discuss any elements of this response with you at your convenience.

Please contact Paul Ryan at 212-845-7517 or pryan@k2intelligence.com if you have any questions regarding this proposal.

Yours sincerely,



Snezana Gebauer
Executive Managing Director

Contents

- 1. About K2 Intelligence Financial Integrity Network 3
- 2. Relevant Experience 3
- 3. Background and Our Understanding of Your Needs..... 8
- 4. Proposed Approach..... 9
 - 4.1.1. Phase 1: Planning and Scoping 9
 - 4.1.2. Phase 2: Risk Assessment 10
 - 4.1.3. Phase 3: Integrity Monitoring 12
 - 4.1.4. Phase 4: Reporting 14
- 5. Anticipated Deliverables and Timeline 14
- 6. Our Team 15
- 7. Detailed Budget..... 17

1. About K2 Intelligence Financial Integrity Network

K2 Intelligence, LLC is an industry-leading integrity monitoring, investigative, compliance, and cyber defense services firm founded in 2009 by Jeremy M. Kroll and Jules B. Kroll, the originator of the modern corporate investigations industry. The Financial Integrity Network is a premier strategic advisory firm dedicated to helping clients achieve their financial integrity goals. By merging resources and

expertise, K2-FIN seeks to revolutionize how organizations and jurisdictions manage risk, gather intelligence, protect themselves from illicit activity, and enhance business opportunities. Together, our combined firm sits at the intersection of the public and private sectors as a trusted source of expertise and sound judgment.

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

K2-FIN is known for its strategic application of technology. Whether it is sophisticated digital forensic tools, deep web search capabilities, or sophisticated analytic platforms for interrogating massive data sets, we have consistently produced remarkable – and remarkably efficient – results for clients by knowing how and when to employ cutting-edge technology.

With offices in New York, London, Washington, DC, Madrid, Geneva, Los Angeles, and Chicago, our teams include former prosecutors, lawyers, senior government advisors, regulators, compliance officers, law enforcement and intelligence professionals, forensic accountants, investigative journalists, technology professionals, and academics, each bringing a unique set of investigative and advisory skills and perspectives to the client situation.

K2-FIN is simply unmatched by any other firm in the number of years providing compliance and integrity monitoring services, the number and depth of in-house resources necessary to provide those services, and the number agencies who can vouch for the value of our integrity monitoring services. For more than twenty years, we have specialized in the design, implementation and management of proactive compliance and integrity monitoring protocols – it is, in fact, a core competency of our firm.



FOR MORE THAN TWENTY YEARS, WE HAVE
SPECIALIZED IN THE DESIGN, IMPLEMENTATION
AND MANAGEMENT OF PROACTIVE
COMPLIANCE AND INTEGRITY MONITORING
PROTOCOLS – IT IS, IN FACT, A CORE
COMPETENCY OF OUR FIRM.

2. Relevant Experience

In addition to K2-FIN's relevant engagements described below, our team members have experience overseeing disaster and stimulus funding in their prior roles. As an example, members of our team have overseen the disbursement and use of the American Recovery and Reinvestment Act of 2009 ("ARRA").

The New York State Inspector General (“NYS IG”) was selected to oversee a panel that ensured \$31 billion in ARRA funds allocated to New York were utilized with transparency and accountability as well as preventing fraud, waste, abuse, and mismanagement. While at the NYS IG, Paul Ryan, K2-FIN’s proposed Principal, oversaw and assisted with these efforts.

Ray Dookhie, as outlined here, has significant experience in the audit of grant funds, will be available as a subject matter resource to the project team. In a prior role, he assisted the Commonwealth of Massachusetts with the development of its anti-fraud programs and controls in connection with distribution of federal grant funds from the ARRA. Ray designed an anti-fraud framework and related guidance that various agencies must implement to prevent, detect, and respond to fraud. In addition, he developed an awareness training for program stakeholders and agencies. Specific program elements included, fraud risk assessment, code of conduct, whistleblower mechanisms, financial controls and documentation, auditing and monitoring protocols including the use data analytics and technology.

Kevin Mullins, K2-FIN’s proposed Program Manager, has worked on various disaster recovery and integrity monitoring projects throughout his time at K2-FIN. In his role, he has lead efforts in evaluating and auditing compliance with government issued grants and loans, starting with the assessment of risk on through to the execution of tailored audit plans. Kevin has performed in this role for a host of clients, including on many of our assignments with the Metropolitan Transportation Authority (“MTA”), including acting as the project manager on the East Side Access project and Hurricane Sandy recovery work. In addition, Kevin acts as a key member leading the audit and forensic accounting effort on the Moynihan Train Hall project.

Below are just some of the relevant matters that demonstrate K2-FIN’s experience performing integrity monitoring engagements.

- The State of New Jersey has just recently selected K2-FIN to be the IOM to review the New Jersey Economic Development Authority expenditure of CARES Act funds distributed under the Agency’s COVID-19 Recovery Programs. This experience has provided us with valuable experience for performing NJ CARES Act IOM engagements, which will increase our efficiency if we are awarded this engagement. It has provided us with an understanding of the applicable risk factors for purposes of testing sample selections. Based on this knowledge and experience, we have created sample selection criteria and testing templates – all of which can be used in this engagement.
- The State of New York established the Governor’s Office of Storm Recovery (“GOSR”) following Hurricane Irene, Tropical Storm Lee, and Hurricane Sandy to centralize recovery and rebuilding efforts in the impacted areas throughout New York State. GOSR paired approximately \$4.4 billion in flexible funding made available by the U.S. Department of Housing & Urban Development with additional federal funds awarded to other State agencies to enable homeowners, small business, and entire communities recover.
- Since September 2013, K2-FIN has served as a Program Oversight and Compliance Monitor reporting to the Director of Investigations and Senior Counsel. In addition to our continuing onsite and desk audit monitoring activities, we have performed special investigative assignments and performed due diligence relating to select sub-recipients. We designed GOSR’s vendor screening protocols, performed site security assessments on GOSR’s physical assets made recommendations to strengthen federal regulatory compliance reporting, performed risk assessments of policies and procedures relating to assistance application processing, and performed reviews to ensure compliance with established policies and procedures.

- K2-FIN led the first large-scale deployment of project oversight, integrity monitors in a disaster recovery setting. Working with the Port Authority of New York and New Jersey at Ground Zero, our integrity monitors were engaged by the City of New York and were involved at every phase of the World Trade Center recovery effort from contract award to on-site activity. The message the City of New York conveyed through its use of our integrity monitors was clear – integrity counted. Cleanup was on time and under budget. In fact, some estimates credited the integrity monitors with more than \$60 million dollars in anti-fraud savings. In 2006, a U.S. House of Representatives subcommittee heralded the World Trade Center Integrity Monitorship Program as “an overwhelming success,” adding that the program was so effective because it was preventative in nature, with monitors calling for immediate corrections and remediation in real time versus after-the-fact auditing discoveries.
- The State of New Jersey, through a competitive process, prequalified a number of firms to provide auditing and integrity monitoring, among other services, on a large number of Superstorm Sandy recovery and rebuilding projects. The firms are selected on a per-engagement basis through individualized responses to proposals. The program began in August 2013. K2-FIN was selected to provide integrity monitoring services for two engagements – the City of Elizabeth’s Veterans Memorial Waterfront Park and the City of Perth Amboy’s Marina and Walkways.
- The City of Elizabeth Veteran’s Memorial Waterfront Park project involved the rebuilding of the entire waterfront, including the memorial park, the municipal marina and the recreation and boardwalk piers. The estimated construction value for this project is \$16.2 million. The City of Perth Amboy project involved the rebuilding of seven areas, including the Promenade at the Old Ferry Terminal, a beachfront promenade, and a fishing pier. The estimated construction value for this project is \$8 million. Both projects involved performing risk assessments and recommending loss prevention strategies to prevent duplication of benefits, inefficiency, fraud, waste, abuse, malfeasance and mismanagement of funds determining if appropriate compliance systems and controls related to internal controls, procurement – including the New Jersey Local Public Contract Law, contracting, compliance, cost eligibility, contract management, invoicing, payment, are in place to comply with applicable State and federal guidelines and regulations – including compliance with FEMA funding guidelines and regulations – and to test and monitor control environments. Our team made several contributions directly leading to the establishment of revised and enhanced institutional controls specifically related to procuring future services, as well as identifying several thousand dollars in suspected product substitutions.
- We are currently serving as IOM, reviewing the \$40 Million contract of HNTB and the \$11 Million contract of BEM Environmental, to assist NJT in program management on Sandy recovery and resilience projects. In close consultation with NJT, we prepared risk assessments on these engagements, and are presently reviewing expenditures in what are primarily a “look-back” forensic audit assignments. Previously, we performed IOM services for NJT on the \$13.3 million Gladstone Poles & Foundations Replacement Project. The Gladstone Poles & Foundations project involved the installation of new concrete foundations and steel poles for the catenary lines on the Gladstone Branch of NJT’s Morris & Essex Line damaged as a result of Superstorm Sandy. K2 monitored the work of the contractor and conducted field spot checks on work performed in the field to ensure that NJT policies and procedures were followed.

- We served as the Integrity Monitor on several projects at the WTC site during the rebuilding of the site following the 9/11 terrorist attacks, including the \$4.5 billion Hub and \$1 billion Memorial projects. These multi-billion-dollar PANYNJ projects involved the construction of a major mass transit hub and related infrastructure, the iconic 9/11 museum, retail space, and the site's central chiller plant. We employed our intelligence-based approach to design and implement an integrity monitoring program for these projects. This approach drives our risk assessments, corruption prevention programs, and review and assessment of the adequacy of controls on all phases of the projects, to ensure that all transactions are conducted and documented in such a way as to be both transparent and auditable. Our findings and recommendations resulted in improvements to project processes and integrity controls in the areas of prevailing wage compliance, M/WBE program compliance, procurement, subcontractor vetting, construction processes, project finances, requisition reviews, environmental and safety compliance, physical site security, and information security. We played a special role in monitoring the cleanup following Superstorm Sandy, which resulted in severe flooding throughout the site. Immediately after Superstorm Sandy we were tasked by PAOIG to design and implement integrity controls that would prevent time and materials abuse. The controls that we designed became the site-wide standard for preventing fraud during the post-Sandy clean-up and recovery stage at WTC projects.
- Similar to the Moynihan Train Hall project, K2-FIN was also selected by New York's Empire State Development Corporation as the integrity monitor for the Javits Center Expansion project, a five-year assignment to protect New York State's investment of more than \$1.5 billion. Similar in work scope, K2-FIN assists in providing necessary payment and compliance oversight as well as construction monitoring. This engagement has included screening of vendors and other providers of services to the project.
- In 2012, the MTA selected K2-FIN to serve as an Independent Compliance Monitor for construction of the \$10+ billion East Side Access project. Since then, we have worked in close cooperation with the MTA and the contractors to foster a collective commitment to compliance, to deter and detect fraud, waste, and abuse, and to protect the reputation of the MTA.
- In 2016, the MTA tasked K2-FIN with conducting a voluntary assessment of the New York City Transit Authority's ("NYCT," an authority within the MTA) internal controls relating to the grant drawdown process for Hurricane Sandy Program Projects funded by Federal Transit Authority ("FTA") grant monies. The purpose of K2-FIN's assessment was to detect and address potential weaknesses in payment processing and strengthen its internal controls over the grant drawdown process on applicable NYCT capital projects.
- We are currently serving as the integrity monitor on NJDEP's \$380 million Hudson River and Meadowlands Projects under the Rebuild by Design Program. Both projects encompassed performing risk assessments and recommending loss prevention strategies to prevent duplication of benefits, inefficiency, fraud, waste, abuse, malfeasance and mismanagement of funds determining if appropriate compliance systems and controls related to internal controls, procurement, contracting, compliance, cost eligibility, contract management, invoicing, payment, are in place to comply with applicable State and Federal guidelines and regulations and to test and monitor control environments.

- K2-FIN was selected by New York's Empire State Development Corporation as the integrity monitor for the Moynihan Train Hall project, a five-year assignment to protect New York State's investment of more than \$1.5 billion. As the integrity monitor for this iconic New York City project, K2-FIN assists in providing necessary payment and compliance oversight as well as construction monitoring. This engagement has included screening of vendors and other providers of services to the project.
- The City of New York utilized K2-FIN integrity monitors in the City's Rapid Repair Program – a program designed to help residential property owners affected by Superstorm Sandy make emergency repairs while sheltering in their own homes. Our work included not only monitoring the actual repair work but working closely with the City of New York to ensure that the project was being managed appropriately, that assistance qualifications were properly met, and to enhance controls and oversight.
- We were selected by the U.S. Federal Reserve Board (“FRB”) and international regulators to serve as the independent consultant responsible for performing an annual review of OFAC compliance policies, procedures, and remedial actions at one of the largest multinational financial institutions in the world, pursuant to the terms of a global consent order entered into by the institution stemming from violations of U.S. sanctions laws. Over the course of the engagement, we will continue to monitor, test, and assess the development of the institution's OFAC compliance program, validate the implementation of our recommendations, and report our findings to the institution as well as the relevant regulatory agencies.
- The New York State Department of Financial Services (“NYDFS”) retained our Financial Crimes Risk and Compliance team to act as the independent monitor for a global financial institution pursuant to the consent order entered into between the institution and NYDFS. Per the consent order, we have been tasked with conducting a comprehensive review of the institution's programs, policies, and procedures now in place that pertain to or affect activities conducted by or through the financial institution for compliance with applicable requirements, laws, and regulations. The order also requires us to conduct a historical transaction review for a time period of three years.

3. Background and Our Understanding of Your Needs

K2-FIN understands that the New Jersey State Police (“NJSP”) has issued an Engagement Query for Integrity Monitoring services pursuant to the terms of Governor Murphy’s July 17, 2020 Executive Order No. 166 (“EO-166”). We also understand that the Integrity Monitor selected as a result of this Engagement Query will be issued a Letter of Engagement to provide the Scope of Work in accordance with the terms and conditions described herein.

We also understand that of the Coronavirus Relief Funds (“CRF”) funding received by the State of New Jersey, the Treasurer has allocated to NJSP \$441,042,840.48, which is allocated as follows per the Engagement Query:

- \$36,892,334.16 for NJSP/NJOEM (“New Jersey Office of Emergency Management”) to assist counties with maintenance and/or expansion of COVID-19 testing, testing of vulnerable populations, and to assist with the reimbursement of previous COVID-19 related expenditures that are CRF eligible and not otherwise eligible for payment by other federal grants or insurance;
- \$49,229,301.32 for NJSP expenditures related to coordination of radio communications in response to the COVID-19 pandemic;
- \$12,021,205 for NJSP/NJOEM COVID-19 related projects;
- \$100,000,000 FEMA 25% Cost Share for NJSP and other State Agencies’ COVID-19 expenditures related to DR 4488; and
- \$242,900,000 (maximum) to reimburse for NJSP eligible COVID-19 related payroll expenses incurred March 13, 2020 through December 30, 2020.

Pursuant to the IOM Guidelines, the NJSP is responsible for conducting a risk assessment to assess the risk to public funds and whether its internal controls are adequate to mitigate or eliminate risk using the Risk Assessment Matrix attached to the IOM Guidelines.

We further understand that the NJSP requires the following detailed Scope of Work.

Risk Assessment

The IOM engaged by the NJSP will work with the NJSP’s Accountability Officers and other staff to conduct a risk assessment of the COVID-19 Recovery Programs described in Part A above (“Risk Assessment”). The Risk Assessment shall include a review of NJSP’s ability to comply with the CARES Act, or other federal statutory and regulatory requirements as well as applicable state law and regulations of the COVID-19 Recovery Programs described in Part A of the Engagement Query. The Risk Assessment shall comply with the requirements of the IOM Guidelines. At minimum, the IOM shall assess the risk inquiry areas set forth on the Risk Matrix provided by NJSP.

Monitoring

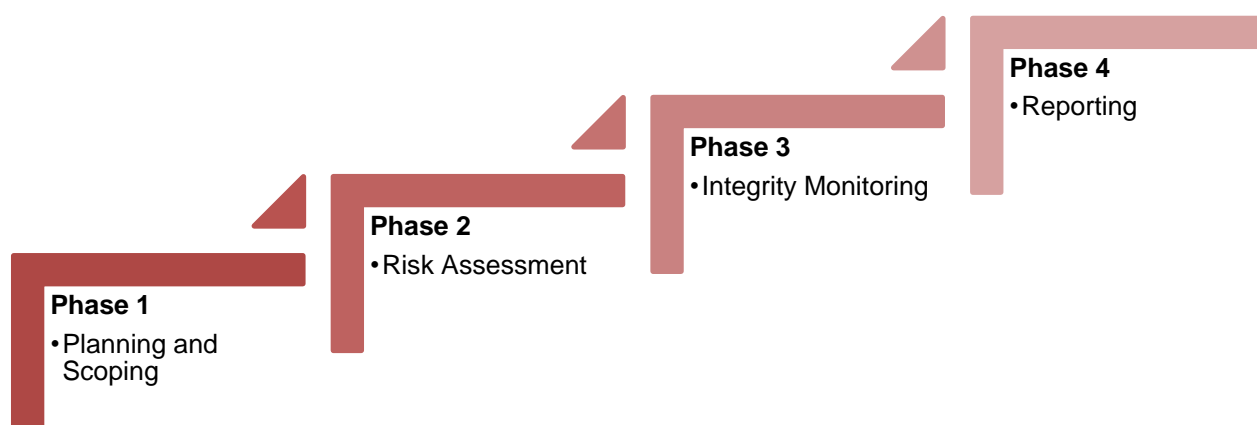
The IOM engaged will be responsible for monitoring the NJSP’s compliance with applicable agreements, federal and state regulations and guidelines with the intent to safeguard COVID-10 Recovery Funds. This may include:

- Evaluating program performance;
- Evaluating internal controls;
- Validating compliance regarding use and reporting requirements for CRF Funds;

- Interviewing staff;
- Reviewing and analyzing “specific funding decisions and application approvals as it relates to the CRF”;
- Reviewing document retention policies and processes; and
- Other tasks listed in the IOM Guidelines or deemed appropriate as directed by NJSP.

4. Proposed Approach

Upon notification of an award and execution of a written engagement letter. K2-FIN professionals will work closely with NJSP to plan and conduct the following the following four-phases of work to assist NJSP in achieving its objectives:



4.1.1. Phase 1: Planning and Scoping

OBJECTIVE

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

4.1.1.1. Key Work Steps

This will include the following work steps:

- Project kickoff meeting
 - During this initial phase of work, K2-FIN will coordinate a project kickoff meeting with key NJSP personnel.
 - The purpose of the kickoff meeting is to ensure that all stakeholders are aligned on the project objectives, scope, timelines, and deliverables.
- Preparation of an Information Request

- K2-FIN will prepare a preliminary information request including relevant policies, procedures, and internal controls implemented by NJSP. This may include, but will not necessarily be limited to the following:
 - Documentation evidencing processes, controls and technologies implemented to support the execution of Section 5001 of the CARES Act
 - Results of quality assurance reviews and assessments associated with the payments process to ensure that they are following Federal and State regulations
 - Grants management policies and procedures
 - Accounting policies and procedures including, but not limited, procurement, payments, expense reimbursement process, financial reporting, and accounts reconciliation process
 - Code of conduct, compliance program, and other governance related documentation
 - Results of prior risk assessments and related risk and control matrix
 - Audit reports including the identification of prior internal control deficiencies and management’s response regarding the same
- Finalized workplan
 - At the conclusion of this phase of work, K2-FIN will provide a final audit plan for review and finalization
 - The audit plan will be a tailored version of this approach document and include project-specific objectives and key work steps

4.1.2. Phase 2: Risk Assessment

OBJECTIVE

During this phase of work, K2-FIN will perform a risk assessment inclusive of an evaluation of the NJSP inherent program risks as well as the established controls to mitigate such risks.

4.1.2.1. Key Work Steps

K2-FIN professionals will work closely with NJSP’s Accountability Officer and other staff to conduct a risk assessment of the following five COVID-19 Recovery Programs:

- County Testing and Reimbursement Program - 12 Memoranda of Understanding (“MOUs”)
- NJSP Radio System Upgrade
- NJSP/NJOEM FEMA Cost Share for COVID-19 Related Expenditures
- NJSP/NJOEM COVID-19 Projects
- NJSP COVID-19 Related Payroll Expenses

The purpose of the assessment will be to identify potential areas where the programs may be susceptible to greater operational risks (e.g., compliance issues, adverse audit findings, non-compliance with reporting requirements, areas with significant financial reporting errors, undocumented transactions, reliance on

The risk assessment will focus on the following key areas:

- Organizational leadership, capacity, expertise, and experience managing and accounting for federal grant funds in general, and disaster recovery funds in particular

- Potential known exposures (e.g., previously identified risks from prior audits, lessons learned from prior disasters)
- Adequacy of financial, acquisition, and grants management policies and procedures, including technological capacity and potentially outdated financial management systems
- Barriers to financial reporting
- Experience with state and federal procurement processes, value of anticipated procurements, and reliance on contractors to meet program goals and objective
- Potential conflicts of interests and ethics compliance
- Compliance with federal or state guidelines regarding the uses of funds (i.e., discretionary vs. restrictive)
- IT security risks
- Theft, fraud, waste, and abuse

K2-FIN will also assess the design of the controls established by NJSP to mitigate the inherent program risks (e.g., financial management, cash management, acquisition management and records management capabilities). Specifically, K2-FIN will perform the following tasks to achieve the project objectives:

- Develop a baseline of the potential inherent operational and fraud risks associated with NJSP's COVID-19 Recovery Programs as well as the sub-recipient level risks (including the risks of asset misappropriation, financial reporting fraud, and violation of Federal or State laws, regulations, or established grant management protocols).
- Review of relevant grant program documents, agreements, and policies and procedures identified and collected as part of the planning and scoping phase (e.g., financial and performance reports, recent audit results, documented communications with the NJSP, prior monitoring reports).
- Review applicable federal and state laws and regulations as well as existing budgets, grant disbursement reports, programmatic documentation, written accounting policies and procedures, controls manuals, and documentation of prior internal control deficiencies and management's response regarding the same.
- We will review sample reimbursement request and supporting documents to become familiar with the grant management processes, controls, and available supporting documents.
- We will conduct interviews with key NJSP personnel, as needed, to follow-up regarding specific processes and controls. The following is a preliminary listing of personnel and roles that may be included in our interviews:
 - COVID-19 Recovery Programs Accountability Officer
 - COVID-19 Recovery Programs Managers
 - Accounting and Finance Staff
 - Information Technology Specialists
 - Program Operations Personnel
- We will benchmark the program and controls against regulatory frameworks and leading practices that grant recipients have generally found to be effective in preventing, detecting, and mitigating

such risks and identify potential opportunities for control enhancements and operational efficiencies.

- Based on the results of the preliminary risk assessment and analysis, K2-FIN will work with NJSP to assess the scope and extent of any on-site monitoring activities. This may be based on the following criteria:
 - Non-compliance with reporting requirements
 - Problems identified in reports
 - History of unsatisfactory performance
 - Unresponsiveness to requests for information
 - High-Risk designation

4.1.3. Phase 3: Integrity Monitoring

OBJECTIVE

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

4.1.3.1. Key Work Steps

K2-FIN understands the importance of NJSP's deadlines, and as such, will be nimble in its approach to conducting its tasks timely and efficiently. K2-FIN will begin the monitoring phase concurrently with the risk assessment phase, applying what we learn in the risk assessment to our monitoring. K2-FIN professionals will work closely with designated NJSP personnel to coordinate and perform the following tasks to achieve the project objectives:

- Due to the deadlines of stated in the Engagement Query, we will work closely with NJSP to select priority programs subject to monitoring. This may include the following programs previously identified by NJSP as part of the engagement query:
 - Priority #1 for review: \$36,892,334.16 for NJSP/NJOEM to assist counties with maintenance and/or expansion of COVID-19 testing, testing of vulnerable populations, and to assist with the reimbursement of previous COVID-19 related expenditures that are CRF eligible and not otherwise eligible for payment by other federal grants or insurance;
 - Priority #2 for review: \$49,229,301.32 for NJSP expenditures related to coordination of radio communications in response to the COVID-19 pandemic
 - Priority #3 for review: \$12,021,205 for NJSP/NJOEM COVID-19 related projects
- For each of the priority programs, we will identify a risk-based sample of transactions subject to testing. The sample will be selected based on a number of factors including, but not limited to, counties with the largest MOUs, high-dollar value transactions, description of the expenditures, or other potential fraud risk indicators.
- We will also identify high-risk areas subject to testing and related testing attributes. Based on the risk and control assessment, K2-FIN will work with NJSP to identify potential areas of focus of the transaction testing. This may include, but is not necessarily limited to, the following:
 - Grant management

- Procurement
 - Payments
 - Compliance with MOUs and use of CRF funds
 - Financial reporting and reimbursement
 - Document retention policies and processes
 - Reconciliation
- Conduct interviews of NJSP personnel
 - Discuss roles, program and MOU requirements, and procedures related to management and use of grant funds
 - Inquire regarding areas of inherent risks, controls weaknesses, and areas of non-compliance identified during the risk assessment
- Perform substantive testing
 - For each high-risk category, K2-FIN will select a risk-based set of transaction for testing (e.g., large, round -dollar transactions with limited support or description)
 - This will also include inquiry, observations, and forensic analysis of books and records to ensure that procedures and controls were executed based on program requirements and MOUs.
 - Ensure appropriate federally and state-required documentation to support NJSP expenditures under CRF are being retained, inclusive of invoices and purchase orders.
 - Assess the adequacy of the documentation provided.
 - Ensure compliance with not only laws and regulations, but programmatic and contractual requirements, agreements, MOUs, and affidavits.
 - Assess the adequacy and allowability of purchases made using CRF funds.
 - To the extent possible, ensure that NJSP expenditures and payroll reimbursement requests are not duplicative of requests made from private insurance carriers or other emergency funding sources and that cost-share arrangements with FEMA are accounted for properly.
- Identification of potential exceptions based on the transactions testing.
 - This will include potential exceptions to established controls as well as potential indicators of theft, fraud, waste, or abuse
- Conduct follow-up inquiry to obtain an understanding of the root cause of the exceptions
- Provide recommendations regarding control remediation

4.1.4. Phase 4: Reporting

OBJECTIVE

During this phase of work, K2-FIN will prepare required project deliverables.

4.1.4.1. Key Work Steps

K2-FIN professionals will work closely with designated NJSP personnel to coordinate and perform the following tasks to achieve the project objectives:

- Provide status update reports
- Prepare interim draft deliverables
- Discuss deliverables with NJSP stakeholders
- Finalize deliverables

5. Anticipated Deliverables and Timeline

The following chart represents the anticipated deliverables and timeline, assuming K2-FIN starts on December 14, 2020.

Phases of Work	Anticipated Deliverables	Anticipated Delivery Date
Phase 1: Planning and scoping	<ul style="list-style-type: none">• Information request• Detailed audit plan	<ul style="list-style-type: none">• December 15, 2020
Phase 2: Risk and Control Assessment	<ul style="list-style-type: none">• Risk and Control Assessment Matrix	<ul style="list-style-type: none">• Draft – December 21, 2020• Final – December 30, 2020
Phase 3: Integrity Monitoring	<ul style="list-style-type: none">• Exceptions identified and management response• Recommendations for control enhancements	<ul style="list-style-type: none">• On-going
Phase 4: Reporting	<ul style="list-style-type: none">• Draft IM Report• Final IM Report	<ul style="list-style-type: none">• Draft Quarterly IM Report – December 21, 2020• Final Quarterly IM Report – December 30, 2020

The project schedule and completion dates are contingent upon the commencement of the engagement on December 14, 2020, substantial production / access to required information by December 15, 2020, timely production of follow-up information request, and cooperation from NJSP personnel subject to interviews. K2 will promptly report any such delays in writing in-order to project stakeholders in an effort to remediate the concerns. Given the condensed project schedule, any delays in the production of required information, will have a significant impact in our ability to meet to the above deadlines.

6. Our Team

At K2-FIN, we believe it's not just the machinery but the driver of the machinery that's important. That's what sets us apart. We have identified the key team members below to lead the project. We will also draw from our pool resources to support the team leads. The chart below describes the team structure of the key team members. The following table provides a brief description of the key team member experience. Additional details can be found in the attached CVs.



Principal		
Name	Title	Key Experience
Paul Ryan	Senior Managing Director	<ul style="list-style-type: none"> Over 19 years' experience and specializes as an Integrity Monitor in developing programs, compliance reviews, investigations, fraud detection, and monitorships Former Deputy Inspector General where he had oversight over and strengthened government programs, including oversight of ARRA funds, and assisting with the development of operational efficiencies Assists clients with management strategies and policy development.

Program Manager		
Name	Title	Key Experience
Kevin Mullins	Managing Director and Head of Forensic Accounting	<ul style="list-style-type: none"> Over 17 years of forensic accounting and audit experience specifically geared towards disaster recovery and integrity monitoring on projects funded by Federal and State monies. Lead efforts in evaluating and auditing compliance with government programs related to Federally and State issued grants, starting with the assessment of risk to the creation and tailoring of work plans to executing approach.

		<ul style="list-style-type: none"> • Work with clients to migrate and consolidate accounting systems and related compliance programs, making recommendations to enhancements at each state of the process.
--	--	---

Project Managers		
Name	Title	Key Experience
Tejah Duckworth	Senior Director	<ul style="list-style-type: none"> • Former NYC Department of Investigation, Inspector General with more than 10 years' experience in government procurement, investigations, and compliance • Oversaw the NYC Integrity Monitor Program • Managed billion-dollar large-scale construction monitor projects including Hurricane Sandy Recovery projects and the Emergency Communication Transformation Program
Dana Ball	Senior Director	<ul style="list-style-type: none"> • Over seven years of experience in leading audit efforts on large-scale integrity monitoring projects to identify fraud, waste, and abuse • Heavily involved in all phases of Standard Operating Procedures for the Capital Projects construction group within a Fortune 100 Company and assisted the client directly in training all internal and external consultants on policies and procedures • Executed audits on known instances of fraud within an organization to calculate damages and to identify control failures, working directly with, and made recommendations to the Senior Management Committee to implement and to assess new controls within the organization

Engagement Staffing Pool
Key Experience
<p>CPAs, Certified Fraud Examiners, and Analysts</p> <ul style="list-style-type: none"> • Significant experience conducting financial and operational audits, process management, financial controllership, and forensic accounting and investigation • Regularly conducts integrity monitoring compliance engagements and works with project teams and client management to make recommendations for enhancements of controls • Worked on compliance advisory engagements to assist with internal controls implementation financial and operational measurement and process improvement, contract management, Federal grant compliance and applications • Worked on compliance advisory engagements to assist with internal controls implementation financial and operational measurement and process improvement, contract management, Federal grant compliance and applications

7. Detailed Budget

Based on our understanding of NJSP's needs and proposed scope of work described above, K2-FIN anticipates that the project budget will \$117,275. Please refer to the table below for additional details for the project budget.

Tasks	Principal	Program Manager	Project Manager	Project Manager	Supervisory/ Senior Consultant	Consultant	Total
Rates	\$340	\$325	\$290	\$290	\$220	\$195	
Planning and information gathering	3	8	8	8	3	3	33
Inherent and Control Risk Assessments	4	30		40	40		114
Integrity Monitoring	3	20	40	50	50	40	203
Status update reporting, and preparing of final deliverables	8	16	16	16	16	16	88
Total Hours	18	74	64	114	109	59	418
Total Cost	\$6,120	\$24,050	\$18,560	\$30,160	\$21,780	\$11,505	\$117,275

The above referenced budget is based on the project timeline and schedule identified above in this document. Given the condensed project schedule, any delays in the production of required information, will have a significant impact in our ability to maintain this budget.



Paul E. Ryan

Senior Managing Director
New York



+1 212 845 7517 | pryan@k2intelligence.com

Paul E. Ryan is a senior managing director at K2 Intelligence Financial Integrity Network (K2-FIN), where he specializes in directing compliance reviews and developing programs, complex investigations, and monitorships. Clients facing a range of problems—from dealing with regulatory or contractual compliance-related issues to vendor fraud or conflicts of interests—turn to Paul to help them determine and implement a course of action. Working closely with clients, he conducts investigations, reviewing results and recommending increased controls and enhanced policies and procedures, and creates recovery plans as needed. Paul has vast experience developing and assessing compliance programs, including the determination of best practices for both public and private entities.

Paul currently leads the compliance monitoring of a major financial institution's capital construction program. In a recent investigation, he conducted a ground-breaking review of media transparency issues for the Association of National Advertisers (ANA).

Prior to joining K2-FIN, Paul served for 10 years at the New York State Office of the Inspector General (NYS OIG) and the New York County District Attorney's Office. He has extensive experience in the investigation and prosecution of complex fraud, corruption, and other crimes in the public and private sectors.

Paul served as the Assistant Deputy Inspector General and Director of the NYS OIG's Contract and Construction Fraud Unit, supervising multidisciplinary teams in complex investigations. As a member of the NYS OIG, Paul helped ensure ensured \$31 billion in ARRA funds allocated to New York were utilized with transparency and accountability as well as preventing fraud, waste, abuse and mismanagement.

At the New York County District Attorney's Office, Paul was an Assistant District Attorney in the Labor Racketeering Unit/Construction Industry Strike Force and the Trial Division.

Paul received his J.D. from the Benjamin N. Cardozo School of Law and his B.S. in political science from Queens College.



As a Senior Managing Director, Paul oversees the project managers and teams for our integrity monitoring engagements, including:

- New York Governor's Office of Storm Recovery
- State of New Jersey Department of Treasury Superstorm Sandy Integrity Monitoring Program
- NJ Transit Superstorm Sandy Recovery Engagements
- Metropolitan Transportation Authority
- Moynihan Train Hall
- Javits Center Expansion



Kevin J. Mullins

Managing Director
New York



+1 646 292 1887 | kmullins@k2intelligence.com

Kevin J. Mullins is a managing director in K2 Intelligence Financial Integrity Network's (K2-FIN) Investigation and Disputes practice, specializing in financial and forensic investigations. He is a certified fraud examiner with 17 years of multidisciplinary experience in the accounting industry, specifically in the areas of forensic auditing and accounting. He performs analyses not only to detect fraud and noncompliance, but also to identify possible areas where costs can be recovered and make recommendations to client management for improvements in internal controls.

Working directly with client executive management, Kevin creates, tailors, and executes audit work plans, and oversees the audit teams carrying out assigned tasks. He serves as supervising auditor on projects, including but not limited to private, city, and federally funded integrity monitorships; systems implementation and integrity engagements; forensic accounting and auditing; litigation support; contract and program compliance; internal controls assessments; and fraud investigations associated with accusations relating to the misappropriation of funds and the creation of fictitious financial records. Kevin joined K2-FIN through its acquisition of Thatcher Associates.

Kevin received a B.S. in accounting from Monmouth University. He is a Certified Fraud Examiner (CFE).

Relevant Project Experience

Metropolitan Transportation Authority

Kevin has been a key person on multiple projects for the Metropolitan Transportation Authority ("MTA") throughout his time at K2-FIN. Since 2015, Kevin has been the project manager for K2-FIN's contracts for integrity monitoring work associated with the East Side



Access project. Kevin also manages our work with the MTA as relates to Hurricane Sandy recovery work. This includes an assignment where K2-FIN was tasked with reviewing the processes and controls relating the drawdown of grant funds earmarked for Hurricane Sandy remediation.

Moynihan Train Hall

Kevin has been a key member of the Moynihan Train Hall integrity monitoring team since 2018. He leads the audit and forensic accounting effort to search for fraud, waste, and abuse. In working with project management, Kevin addresses issues and key findings, and works with the client to resolve issues timely and effectively.

Fortune 100 Global Financial Institution

Since 2016, K2-FIN has worked extensively with the real estate division of a global financial institution in acting as an integrity monitor and consultant on multiple large-scale development projects. Kevin has acted as the K2-FIN project manager across many of these projects, working with the client and project team to enhance processes and controls, and to ensure that the projects are free of fraud, waste, and abuse.



Tejah Duckworth

Senior Director

New York

+1 917 281 3282 | tduckworth@k2intelligence.com



Tejah D. Duckworth is a senior director with K2 Intelligence Financial Integrity Network's (K2-FIN) **Investigation and Disputes** practice. Tejah manages corruption and fraud investigations, oversees integrity monitoring projects, and helps clients evaluate and implement compliance programs.

Prior to joining K2 Intelligence, Tejah worked in New York City's Department of Investigation (DOI) as the Inspector General of Vendor Integrity, where she oversaw the city's Independent Private Sector Inspector General (IPSIG)/Integrity Monitor program, managed a staff of professional investigators and attorneys, and acted as a liaison to prosecutors' offices and to federal, state, and city law enforcement agencies. With expertise in integrity monitoring, vendor compliance, and financial fraud investigations, she provided training and guidance to investigative staff and city agencies on how to prevent fraud, waste, abuse, and mismanagement. She also facilitated and negotiated procurement contracts, monitoring agreements, and retainer agreements.

Before her promotion to Inspector General, Tejah served as DOI's Director of Vendor Integrity. In that role, she worked on several notable billion-dollar projects, including the Emergency Communications Transformation Program and the NYCHA Sandy Recovery Program. In addition, she served as a peace officer while at the agency. Prior to her tenure at the DOI, Tejah worked for the Office of the Mayor of New York City within its Office of Contract Services (MOCS) space. While in this role, she monitored compliance for New York City's \$15 billion procurement portfolio, establishing internal policies and offering training and ongoing technical assistance for new policies and procedures as they were implemented.

Tejah holds an M.S. in negotiation and conflict resolution from Columbia University and a B.A. in sociology and psychology from California State University, Northridge.



Investigations • Compliance Solutions • Cyber Defense



FINANCIAL
INTEGRITY
NETWORK

Relevant Project Experience

Governor's Office of Storm Recovery Projects

Tejah is the Assistant Project Manager on the Governor's Office of Storm Recovery projects. Tejah leads the audit teams to provide compliance and consulting services including performing risk assessments; subcontractor agreements reviews; invoice and payment requisitions reviews, change orders reviews; and policies and procedures reviews to identify control weaknesses and developing recommendations to strengthen internal control processes.



Dana Ball

Senior Director
New York

+1 646 292 1861 | dball@k2intelligence.com



Dana Ball is a Senior Director at K2 Intelligence, specializing in compliance reviews, monitorships, and investigations. Working with clients in the public and private sectors, she leads audit teams to monitor large-scale construction projects with budgets larger than \$300 million to identify fraud, waste, or abuse. Dana reviews project controls and processes to perform gap analyses, provides solutions to clients for remedying said gaps, leads and assists on training employees on new Standard Operating Procedures, analyzes contractor and subcontractor invoices to identify and calculate improper billings, and assesses project documentation to ensure compliance with contractual documentation. Additionally, Dana interviews relevant project personnel to aid monitorships and develops financial summary reports for client use as needed. Dana's clients include Fortune 100 financial software and services institutions, state and federal agencies, law offices, and various companies in New York's construction industry.

Prior to joining K2 Intelligence, Dana was a senior consultant at a litigation consulting firm, investigating disputes related to large construction projects, auditing party accounting records to determine allowability of claims, and performing detailed review of relevant party financial information. She consulted on cases involving government agencies and private entities such as the U.S. Department of Justice, the Department of the Navy, and the Department of Veterans Affairs. Dana analyzed incremental costs due to breach of contract and regulatory compliance; quantified time-related expenditures caused by delayed project performance periods; performed analyses on capital expenditures, overhead loaders, and contractor costs; and calculated lost profits resulting from defective design drawings or erroneous technical specifications.

Dana received a B.S. in finance from Lehigh University. She is a Certified Fraud Examiner.



Relevant Project Experience

Fortune 100 Global Financial Services Institution

Since January 2017, Dana acts as a key member of the audit team across multiple projects to perform routine reviews of project invoices, change orders, and vendor agreements to ensure the project is progressing in line with industry best practices. K2 routinely assists both the Owner and the project team in remedying any identified instances of improper or inaccurate billings, waste, or abuse.

Fortune 100 Global Financial Services Institution - Forensic Review

February 2018 – June 2018: Dana performed a historical lookback on a large budget construction project after a known instance of fraud in the industry to review for any fraud, waste, or abuse. Dana interviewed project personnel, reviewed historical documents, analyzed project billings against vendor agreements and project budgets, and presented the findings to the client.

Fortune 500 Global Financial Software and Media Company - Internal Investigation

From April 2018 to February 2019, Dana assisted directly on the internal investigation after a known instance of fraud within the client's organization to identify gaps in the controls, independently quantified the damages to the extent possible for assistance in the client's mediation and arbitration, interviewed project and company personnel, and presented the findings to the client's management committee. Dana also assisted on creating Standard Operating Procedures and training client employees on the new procedures designed to prevent the fraud from reoccurring.

Fortune 500 Global Financial Software and Media Company - Capital Operations Monitorships

Since November 2018, Dana leads an audit team across multiple projects in performing routine reviews on project invoices, change orders, and contractual agreements. Dana's team reviews for improper billings, compliance with stipulated labor and material rates, any potential duplication of contract scope, and compliance with Standard Operating Procedures.