



**State of New Jersey
Department of Human Services
Office of Legal and Regulatory Affairs**

PHILIP D. MURPHY
Governor

P.O. BOX 700
TRENTON, NJ 08625-0700

SARAH ADELMAN
Commissioner

SHEILA Y. OLIVER
Lt. Governor

GERARD HUGHES
Assistant Commissioner

December 18, 2023

**AMENDMENT # 2 TO PURCHASE ORDER
#21-PROSV-01435:4 /
Deloitte & Touche, LLP**

A Letter of Engagement was issued to Deloitte & Touche, LLP on June 14, 2023 to perform integrity monitoring services as described in that Engagement. On August 22, 2023, New Jersey Department of Human Services and Deloitte & Touche, LLP agreed to extend the term of the Engagement to December 31, 2023.

On December 15, 2023, New Jersey Department of Human Services and Deloitte & Touche, LLP agreed to extend the term of the Engagement to March 31, 2024 and the following no-cost modification as set forth below and Exhibit A attached hereto:

- Reduction to Hourly Partner/Principal/Director Rate by 9 hours or \$2,592. Revised quantity 14 hours and total cost \$4,032.
- Increase to Program Manager Rate by 104 hours or \$27,248. Revised quantity 220 hours and total cost \$57,640.
- Reduction to Project Manager Rate by 32 hours or \$7,328. Revised quantify 1,028 hours and total cost \$235,412.
- Reduction to Supervisory/Senior Consultant Rate by 1,025 hours or \$194,750. Revised quantity 295 hours and total cost \$56,050.
- Increase to Consultant Rate by 1,296.65 hours or \$176,345. Revised quantity 2,696.65 hours and total cost \$366,745.

- Increase to Associate/Staff Rate by 145 hours or \$15,225. Revised quantify 785 hours and total cost \$82,425.
- Reduction to Subject Matter Expert Rate by 54 hours or \$14,148. Revised quantity 0 hours and total cost \$0.

This no-cost modification is needed to adjust the number of hours allocated to the tasks set forth in the Engagement and to ensure that the appropriate review and analysis of the requested work is completed.

The parties agree that all deliverables in the Engagement remain unchanged and must be completed by March 31, 2024. The parties also agree that all other terms and conditions under this Engagement remain in full force and effect.

X Allan Brophy

Allan Brophy
New Jersey Department of Human Services

X Ryan M. Foughty

Ryan M. Foughty
Deloitte & Touche, LLP

EXHIBIT A

New Jersey Department of Human Services Modification Request
Request Order Number: 11-PC059-01435.4
December 14, 2013

Original PO			
	Hours	Rate	Total Amount
Partner/Principal/Director	23.00	\$388.00	\$8,924.00
Program Manager	116.00	\$262.00	\$30,392.00
Project Manager	1,090.00	\$229.00	\$249,270.00
Supervisory/Sr Consultant	1,320.00	\$190.00	\$250,800.00
Consultant	1,400.00	\$136.00	\$190,400.00
Associate/Staff	640.00	\$105.00	\$67,200.00
Subject Matter Expert	54.00	\$262.00	\$14,148.00
Administrative Support		\$99.00	\$0.00
Total Contract Amount	4,613.00		\$802,304.00

Modified PO							
	Hours	Rate	Total Amount	Increase Hours	Decrease Hours	Increase Cost	Decrease Cost
Partner/Principal/Director	14.00	\$388.00	\$4,032.00	-	9.00	-	\$2,892.00
Program Manager	220.00	\$262.00	\$57,640.00	104.00	-	\$27,248.00	-
Project Manager	1,028.00	\$229.00	\$235,412.00	-	32.00	-	\$7,328.00
Supervisory/Sr Consultant	295.00	\$190.00	\$56,050.00	-	1,025.00	-	\$194,750.00
Consultant	2,696.65	\$136.00	\$366,745.00	1,206.65	-	\$176,345.00	-
Associate/Staff	785.00	\$105.00	\$82,425.00	145.00	-	\$15,225.00	-
Subject Matter Expert		\$262.00	\$0.00	-	54.00	-	\$14,148.00
Administrative Support		\$99.00	\$0.00	-	-	-	\$0.00
Total Contract Amount	5,638.65		\$802,304.00	1,545.65	1,120.00	\$218,818.00	\$218,818.00

State of New Jersey
NJ Department of Treasury

P.O. Date: 6/21/2023

Division of Administration

Release Purchase Order

G4018 Integrity Oversight Monitoring

Blanket Order Number

21-PROSV-01435:4

SHOW THIS NUMBER ON ALL
PACKAGES, INVOICES AND
SHIPPING PAPERS.

Agency Ref. #

V E N D O R	Vendor Number: [REDACTED] DELOITTE & TOUCHE LLP
	30 Rockefeller Plaza New York; New York New York, NY 10112
	[REDACTED]
	Vendor Alternate ID: [REDACTED]
	Remit Address: DARSHAN patel 30 Rockefeller Plaza New York, NY 10112 US [REDACTED]

S H I P T O	[REDACTED] FEDERAL LIASION PO BOX 211- 50 W. STATE ST- 8TH FL TRENTON, NJ 08625 US Email: [REDACTED] Phone: [REDACTED]
	[REDACTED] FEDERAL LIASION PO BOX 211- 50 W. STATE ST- 8TH FL TRENTON, NJ 08625 US Email: [REDACTED] Phone: [REDACTED]

INVOICES: Direct invoices in DUPLICATE to the address shown above. TERMS AND CONDITIONS set forth in our Bid or Quotation, on the reverse side hereof or incorporated herein by reference become a part of this

ATTN: [REDACTED]

Solicitation (Bid) No.:	Payment Terms: Not Applicable Shipping Terms: F.O.B., Destination Freight Terms: Delivery Calendar Day(s) A.R.O.: 0																		
Item # 1 Class-Item 918-00 Category 3 Integrity Monitoring/Anti-Fraud, Year 2 - Hourly Partner/Principal/Director Rate																			
<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>Quantity</th> <th>Unit Price</th> <th>UOM</th> <th>Discount %</th> <th>Total Discount</th> <th>Tax Rate</th> <th>Tax Amount</th> <th>Freight</th> <th>Total Cost</th> </tr> </thead> <tbody> <tr> <td>23.00</td> <td>\$ 288.00</td> <td>HOUR</td> <td>0.00 %</td> <td>\$ 0.00</td> <td></td> <td>\$ 0.00</td> <td>\$ 0.00</td> <td>\$ 6,624.00</td> </tr> </tbody> </table>		Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost	23.00	\$ 288.00	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 6,624.00
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23.00	\$ 288.00	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 6,624.00											
Item # 2 Class-Item 918-00 Category 3 Integrity Monitoring/Anti-Fraud, Year 2 - Hourly Program Manager Rate																			
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Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost											
116.00	\$ 262.00	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 30,392.00											

Item # 3
Class-Item 918-00

Category 3 Integrity Monitoring/Anti-Fraud, Year 2 - Hourly Project Manager Rate

Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost
1060.00	\$ 229.00	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 242,740.00

Item # 4
Class-Item 918-00

Category 3 Integrity Monitoring/Anti-Fraud, Year 2 - Hourly Supervisory/Senior Consultant Rate

Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost
1320.00	\$ 190.00	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 250,800.00

Item # 5
Class-Item 918-00

Category 3 Integrity Monitoring/Anti-Fraud, Year 2 - Hourly Consultant Rate

Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost
1400.00	\$ 136.00	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 190,400.00

Item # 6
Class-Item 918-00

Category 3 Integrity Monitoring/Anti-Fraud, Year 2 - Hourly Associate/Staff Rate

Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost
640.00	\$ 105.00	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 67,200.00

Item # 7
Class-Item 918-00

Category 3 Integrity Monitoring/Anti-Fraud, Year 2 - Hourly Subject Matter Expert Rate

Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost
50.89208	\$ 278.00	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 14,148.00

TAX:	\$ 0.00
FREIGHT:	\$ 0.00
TOTAL:	\$ 802,304.00

APPROVED

By:	
Phone#:	
BUYER	

Letter of Engagement

June 14, 2023

Successful Bidder:

On behalf of the Department of Human Services, the State of New Jersey, Department of the Treasury hereby issues this Letter of Engagement to Deloitte & Touche, LLP, pursuant to the Engagement Query issued on March 13, 2023 and Deloitte & Touche, LLP's proposal dated April 14, 2023.

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 \$802,304.00

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

INTEGRITY MONITOR ENGAGEMENT QUERY

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 Human Services

[Category 3 services per Section 3.1.1 of the IOM RFQ]

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 nationwide 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 (“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”). 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 Auditing, Financial Auditing and Grant Management, and Integrity Monitoring/Anti-Fraud services.

The New Jersey Department of the Treasury has established a pool of qualified Integrity Monitors for the oversight of COVID-19 Recovery Funds and COVID-19 Recovery 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 will apply to all Integrity Monitoring Engagements executed via this Engagement Query.

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

This Engagement Query is issued by the Department of the Treasury on behalf of the Department of Human Services (DHS).

The purpose of this Engagement Query is for the **Using Agency** to procure the services of an Integrity Monitor (“IM”) for **Category 3 services per Section 3.1.1 of the IOM RFO.**

Background Program 1: Child Care Recruitment and Retention Grants

To support the availability of child care services to individuals receiving services from the DHS Division of Family Development (DFD), SFRF funding in the amount of \$30,000,000 was allocated and expended to provide \$1,000 Retention and Recruitment grants to child care providers. Retention Grant applications were accepted from providers from November 1, 2021 to January 31, 2022. Hiring applications were accepted from April 11, 2022 to May 6, 2022. The number of program applicants is approximately 5,140. These grants were available for each employee engaged directly in the care of children and whose annual income did not exceed \$50,000. Grants were paid to the child care providers with a requirement that they be passed along to eligible employees as income. Total payments under the program exceeded the \$30 million in SFRF funding allocated, with additional expenditures coming from other funding sources.

General requirements to receive a grant include the following:

- Staff must be in teaching or supervision role.
- Staff must comply with Child Care Development Block Grant trainings.
- Staff must complete comprehensive criminal background checks.
- Programs must be in good standing with state and local health and safety regulations.
- Program must be open and operating.

While further “rounds” of the same program are planned, the payments to be reviewed are for the program round now closed. Information on the program parameters and summary data on are publically available at the link below.

[Child Care In New Jersey - \\$1,000 Hiring and Retention Bonus Grant \(childcare.nj.gov\)](https://childcare.nj.gov)

Program 2: Child Care Subsidy Payments based on agreement vs. attendance.

In response to the COVID-19 pandemic, DHS suspended normal rules that issued subsidy payments based on actual attendance, and instead is providing payments based on enrollment-based payments on a temporary basis. These payments were designed to provide stability to providers and flexibility for families. Payment based on enrollment helps support continued operation of child care providers experiencing reduced student attendance during the height of the pandemic and continuing through today. As attendance continues to be below pre-pandemic

levels for a number of reasons, DHS has committed to providing payments based total contracted capacity through the end of State Fiscal Year 2023. To support the additional cost of these payments vs. an attendance based system, the SFY 2023 budget allocated \$48,000,000 in SFRF funding for the July 1, 2022 through June 30, 2023 timeframe. This funding is under the purview of the Department of Community Affairs (DCA). As instructed, DHS has applied for this funding and is awaiting its release from DCA. Child care providers participating in the Child Care Assistance Program that are open and providing services to DHS clients are eligible to receive these payments, which are authorized by the county-based Child Care Resource and Referral agencies, and then directly issued to individual child care providers on behalf of families. The Child Care Enrollment Based Payments are issued to the licensed care centers through the Electronic Child Care (ECC) payment system and Electronic Payment Processing Information Control (EPPIC) system.

Program 3: Excluded New Jerseyans Fund

For any number of reasons, there were many New Jersey residents who were not eligible for pandemic related stimulus and unemployment insurance benefits despite being financially impacted by COVID. The Excluded New Jerseyans Fund (ENJF) provided a one-time, direct cash benefit to eligible households who were excluded from both the federal stimulus checks and COVID related unemployment assistance - including undocumented individuals, residents re-entering from the justice system, and any other individuals otherwise excluded. Applicants needed to demonstrate that their household gross income is at or below \$55,000 and presented documentation to indicate identity and residency.

To provide assistance to this group of individuals, DHS established a direct benefit program that provides payments of up to \$2,000 per individual or \$4,000 per household to NJ residents who were ineligible for other relief programs. Program opened to the public in October 2021 and stopped receiving new applications in February 2022. Individuals who applied but did not provide all necessary documentation had until November 30, 2022 to supply these documents. Over 39,000 applications were received for the program, where around 23,000 were approved to receive the benefits.

Program applications were submitted via an online portal that also allows for the upload of supporting documents. Online web-based portal was built for the program; data can be viewed online through Microsoft software or exported through excel reports. Application files include documents submitted and progress updates through the application review process, including contact notes and document review information. Applicants use a secure payment portal to select payment method and input banking information. Once all application documents are submitted, contract staff managed by DHS access applications and determine eligibility. Upon successful eligibility determination, payments are issued directly from the State in the form of a physical check or an ACH, as selected by the applicant. The program was initially funded with Coronavirus Relief Fund dollars, but has since transitioned to funding from SFRF with total expenditures of approximately \$54,000,000. This amount continues to grow as applications as applications are determined eligible and weekly payment batches are issued.

Information on ENJF program rules and processes can be found at the link below.

<https://www.nj.gov/humanservices/excludednjfund/>

II. SCOPE OF WORK REQUIREMENTS

A. Project Description

- For all three programs outlined above, DHS seeks an Integrity Monitor to perform the following functions.
 - Program reviews
 - Review sample of applicant files for eligibility, payment, and proper documentation
 - Review program policies and procedures, organizational structure/capacity, and internal controls assessment
 - Review subrecipient expenditures and compliance with Program requirements
 - Review duplication of benefits
 - Document retention policies and procedures
 - Review sample program files to ensure compliance with federal regulations as applicable
 - Fraud prevention/detection and data analytics
 - Review program or applicant data and/or contracts to identify potential fraud, using data analytics or other methods to identify anomalies, patterns, and discrepancies
 - Conduct interviews or other follow-up as necessary
 - Cross-check or validate information against other data sources
- Within 5 business days of the purchase order issued as a result of the Letter of Engagement, the IM and DHS shall participate in a kick-off meeting to review the deliverables and due dates in Section C below and establish key personnel for communications during the course of the Engagement.
- The IM shall conduct a Risk Assessment of the DHS's existing controls in place to prevent fraud, waste, or abuse in connection with the COVID-19 Recovery Program that includes, at minimum, a review or assessment of:
 - Program policies and procedures
 - DHS organizational structure and capacity
 - DHS internal controls
 - Level of risk associated with the Program
 - DHS's prior audits

- The Work Plan shall include a sampling methodology to achieve a monitoring objective related to both compliance and internal controls. Any sampling used shall follow a nationally recognized audit standard such as the AICPA or GAO Government Auditing Standards, 2018 Revision. Sampling methodologies may include: (1) simple random; (2) statistical; (3) judgmental; (4) or other methodology appropriate to the Program characteristics. The IM shall document the rationale for the sampling methodology selected.
- Depending on findings as a result of monitoring under the Work Plan, the IM should evaluate whether onsite monitoring is appropriate based upon any conclusions reached when conducting the risk assessment or as a result of ongoing monitoring. The IM shall document in writing its evaluation and conclusion, including an assessment of the following factors:
 - Significant findings reported in quarterly reports or interim reports;
 - Unresponsiveness to requests for information;
 - Non-compliance with federal reporting requirements; and
 - Allegations of misuse of funds.
- The IM shall implement the Work Plan to provide oversight of the Program until the expiration of this Engagement.

B. Reporting Requirements

1. Quarterly Integrity Monitor Reports

- a. Pursuant to E.O. 166, the Integrity Monitor shall submit a draft quarterly report to the DHS on the last day of every calendar quarter detailing the specific services rendered during the quarter and any findings of fraud, waste, or abuse using the Quarterly Report template attached hereto. If the Integrity Monitor report contains findings of fraud, waste, or abuse, the DHS has an opportunity to respond within 10 business days after receipt.
- b. Fifteen business days after each quarter end, the Integrity Monitor shall deliver its final quarterly report, including any comments from the DHS, 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 COVID-19 transparency website pursuant to E.O. 166.

2. Additional Reports

- a. E.O. 166 directs the Office of the State Comptroller (OSC) to oversee the work of Integrity Monitors. Therefore, in accordance with E.O. 166 and the IM

Guidelines, OSC may request that the Integrity Monitor issue additional reports or prepare memoranda that will assist OSC in evaluating whether there is fraud, waste, or abuse in COVID-19 Recovery Programs administered by the DHS. OSC may also request that the Integrity Monitor share any corrective action plan(s) prepared by the DHS to evaluate whether those corrective plan(s) have been successfully implemented.

- b. With the submission of a payment invoice (or on a monthly basis), the IM shall provide a written report (Monthly Report) including, at a minimum:
 - o Hours billed for each consultant corresponding to the components of the Work Plan;
 - o Evaluation of effectiveness of fraud prevention activities including assessment of results, recommendations for corrective action, and prioritization of implementation of risk mitigation measures; and
 - o Indications of fraud, waste, or abuse that should be immediately addressed by the DHS with recommendations for risk mitigation.
- c. At the completion of the Engagement, the IM shall submit a Project Completion Report, including at a minimum, scope of Engagement and methodology, documentation of work performed, summary of findings, and recommendations to mitigate the risk of fraud, waste, and abuse in the Program or future Programs.

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

- a. The Integrity Monitor shall report issues of fraud, waste, 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 Integrity Monitor shall report issues of potential criminal conduct immediately to the Office of the Attorney General.

C. Specific Performance Milestones/Timelines/Standards/Deliverables

All deliverables must be completed by the dates indicated below.

Deliverables	Date due
Kick-off meeting with DHS staff and successful IM	5 business days following the issuance of a purchase order
Risk Assessment	7 days following the kick off meeting
Work Plan	7 days following the delivery of the Risk Assessment
Interim Reports/Periodic Meetings	Periodic meeting as needed. No interim reports beyond those outlined elsewhere in this chart.

Draft Quarterly Report(s)	Last day of each quarter
Final Quarterly Report(s)	15 business days after the end of each quarter
Monthly Report	6/15/2023; 7/15/2023
Project Completion Report	8/15/2023

III. Proposal Content

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

- A description of how the Integrity Monitor intends to accomplish each component of the scope of work in Section II above, including a timeline for submission of the deliverables required by this Engagement Query.
- A detailed budget identifying staff classifications and hourly rates that shall not exceed the rates in the Integrity Monitor's Best and Final Offer (BAFO) Price Schedule using the Price Sheet attached to this Engagement Query.
- Identification of any potential conflicts of interest regarding the delivery of services for the scope of work under this Engagement Query.
- A list of existing Engagements under G4018 with other State agencies, along with the commencement and expiration dates of the Engagement.

IV. Submission of Proposals

Detailed proposals in response to this Engagement Query shall be submitted electronically by 3:00 p.m. on **April 14, 2023**. 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 the delivery and acceptance by DHS of the project completion report.

At the option of the DHS, the term of this Letter of Engagement may be extended in accordance with the IOM RFQ and applicable law. 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 IOM's failure to comply with the requirements of the Engagement, including but not limited to E.O. 166, the IOM RFQ, the IM Guidelines, and this Engagement Query may constitute a breach of contract and may result in termination of the contract by the DHS or imposition of such other remedy as DHS deems appropriate in accordance with Section 9.0 of the IOM RFQ.

VII. Liquidated Damages

At DHS's discretion, liquidated damages may be assessed each time any of the below events occur, due to an act or omission of the IM. DHS and the IM agree that it would be extremely difficult to determine actual damages that DHS will sustain as the result of the IM's failure to meet its contractual requirements. Any breach by the IM could prevent the DHS 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 DHS's ability to ensure identification and mitigation of risks and may lead to damages suffered by the DHS and the State as a whole. If the IM fails to meet its contractual obligations, the DHS may assess liquidated damages against the IM as follows:

DHS 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 DHS and the State of New Jersey. Except and to the extent expressly provided herein, DHS shall be entitled to recover liquidated damages under each section applicable to any given incident.

The following table defines DHS' performance standards for the Integrity Monitor's review and adjustment of the State's program design for compliance with federal rules, develop policy and training documents, and assisting the State in the engagement of entities to administer the program:

Indicator	Final Standard	Final Liquidated Damages
<u><i>Section B.1.a</i></u>	Pursuant to E.O. 166, the Integrity Monitor shall submit a draft quarterly report to the DHS on the last day of every calendar quarter detailing the specific services rendered during the quarter and any findings of fraud, waste, or abuse using the Quarterly Report template attached hereto. If the Integrity Monitor report contains findings of fraud, waste, or abuse, the DHS has an opportunity to respond within 10 business days after receipt.	\$200 per day for each day a draft quarterly report is delayed.

<u>Section B.1.b</u>	Fifteen business days after each quarter end, the Integrity Monitor shall deliver its final quarterly report, including any comments from the DHS, 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 COVID-19 transparency website pursuant to E.O. 166.	\$200 per day for each day a final quarterly report is delayed.
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Upon determination that liquidated damages are to be assessed, DHS will notify the Integrity Monitor of the assessment in writing. The availability of any period of cure will depend on the situation and will be in the sole discretion of DHS. DHS may, in DHS' sole discretion, elect to notify the Integrity Monitor that liquidated damages may be assessed so as to provide a warning, prior to assessing them in accordance with this section, but if DHS does not provide such a warning DHS is not precluded from assessing liquidated damages in accordance with this Engagement Query. Notwithstanding any provision to the contrary, should there be any conflict between this section and any other provision, this section shall supersede any such provision to the contrary.

The continued assessment of liquidated damages may be terminated at the sole discretion of DHS, only if all of the following conditions are met:

- A. The Integrity Monitor corrects the condition(s) for which liquidated damages were imposed; and
- B. The Integrity Monitor notifies DHS in writing that the condition(s) has (have) been corrected.

If any portion of the liquidated damages provisions is determined to be unenforceable by a New Jersey court in one (1) or more applications, that portion remains in effect in all applications not determined to be invalid and is severable from the invalid applications. If any portion of the liquidated damages provisions is determined to be unenforceable, the other provision(s) shall remain in full force and effect.

The continued assessment of liquidated damages may be waived in writing at the sole discretion of DHS. The waiver of any liquidated damages due to DHS or the State, shall constitute a waiver only as to such assessment of liquidated damages and not a waiver of any future liquidated damage assessments. DHS will assess liquidated damages within 90 days of its notice to Integrity Monitor that such damages may be claimed by DHS or the State for any specific triggering event.

Once assessed pursuant to this Section, liquidated damages will be deducted from any funds owed to the Integrity Monitor by DHS or the State, and in the event the amount due the Integrity Monitor is not sufficient to satisfy the amount of the liquidated damages, the Integrity Monitor shall pay the balance to the State of New Jersey within 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 Integrity Monitor.

VIII. Questions regarding this Engagement Query

Any questions related to the Engagement Query, such as questions related to the Program or accessibility and format of data, must be submitted electronically by 3:00 p.m. on March 31, 2023. They must be submitted via email to [REDACTED] with a copy to the State Contract Manager, Mona Cartwright at [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 including:

- The qualifications and experience of the personnel assigned to this Engagement;
- The experience of the IM in engagements of a similar size and scope; and
- The ability of the IM to complete the scope of work based on the proposed personnel/staff classifications and hours allocated to tasks in its proposal.

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

DHS may request a Best and Final Offer from Integrity Monitors that responded to the Engagement Query.

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.

ATTACHMENTS

- Attachment 1: Integrity Oversight Monitor Guidelines, updated as of June, 2021
- Attachment 2: Quarterly Report Template – Category 3
- Attachment 3: EQ Price Sheet

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, 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, the 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-

ci- pant. 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

**Integrity Monitor Report
Category 3**

Integrity Monitor Firm Name: [Type Here]
Quarter Ending: [MM/DD/YYYY]
Expected Engagement End Date: [MM/DD/YYYY]

A. General Info

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:

[Type Here]

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

Integrity Monitor Report
Category 3

[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. If FEMA funded, brief description of the status of the project worksheet and its support:

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

[Type Here]

14. 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]

**Integrity Monitor Report
Category 3**

15. Description to confirm appropriate data/information has been provided by the Recovery Program Participant and description of activities taken to review the project/program:

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

[Type Here]

16. Description of quarterly auditing activities conducted to ensure procurement compliance with terms and conditions of contracts and agreements:

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

[Type Here]

17. If payment documentation in connection with the contract/program has been reviewed, provide description.

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

[Type Here]

18. Description of quarterly activity to prevent and detect waste, fraud, and/or abuse:

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

**Integrity Monitor Report
Category 3**

[Type Here]

19. Details of any integrity issues/findings, including findings of waste, fraud, and/or abuse:

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

[Type Here]

20. Details of any other items of note that have occurred in the past quarter:

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

[Type Here]

21. Details of any actions taken to remediate waste, fraud, and/or abuse noted in past quarters:

a) IM Response

[Type Here]

b) Recovery Program Participant Comments

[Type Here]

C. Miscellaneous

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

a) IM Response

**Integrity Monitor Report
Category 3**

[Type Here]

b) Recovery Program Participant Comments

[Type Here]

23. Add any item, issue, or comment not covered in previous sections but deemed pertinent to monitoring program:

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]

Integrity Monitoring - Price Sheet

Cell to be completed by Bidder

	Staffing Category	Hourly Billing Rate (\$)	Hours	Amount (\$)	Total Cost (\$)	Hourly Discounted Billing Rate (\$)	Amount (\$)	Total Cost (discounted) (\$)
Risk Assessment	Partner/Principal/Director			\$0.00	\$0.00		\$0.00	\$0.00
	Program Manager			\$0.00			\$0.00	
	Project Manager			\$0.00			\$0.00	
	Supervisory/Sr. Consultant			\$0.00			\$0.00	
	Consultant			\$0.00			\$0.00	
	Associate/Staff			\$0.00			\$0.00	
	Subject Matter Expert			\$0.00			\$0.00	
	Administrative Support			\$0.00			\$0.00	
			0					
Work Plan Development	Partner/Principal/Director			\$0.00	\$0.00		\$0.00	\$0.00
	Program Manager			\$0.00			\$0.00	
	Project Manager			\$0.00			\$0.00	
	Supervisory/Sr. Consultant			\$0.00			\$0.00	
	Consultant			\$0.00			\$0.00	
	Associate/Staff			\$0.00			\$0.00	
	Subject Matter Expert			\$0.00			\$0.00	
	Administrative Support			\$0.00			\$0.00	
			0					
On-going Monitoring	Partner/Principal/Director			\$0.00	\$0.00		\$0.00	\$0.00
	Program Manager			\$0.00			\$0.00	
	Project Manager			\$0.00			\$0.00	
	Supervisory/Sr. Consultant			\$0.00			\$0.00	
	Consultant			\$0.00			\$0.00	
	Associate/Staff			\$0.00			\$0.00	
	Subject Matter Expert			\$0.00			\$0.00	
	Administrative Support			\$0.00			\$0.00	
			0					
Reports	Partner/Principal/Director			\$0.00	\$0.00		\$0.00	\$0.00
	Program Manager			\$0.00			\$0.00	
	Project Manager			\$0.00			\$0.00	
	Supervisory/Sr. Consultant			\$0.00			\$0.00	
	Consultant			\$0.00			\$0.00	
	Associate/Staff			\$0.00			\$0.00	
	Subject Matter Expert			\$0.00			\$0.00	
	Administrative Support			\$0.00			\$0.00	
			0					
Allowance for Travel Expenses and Reimbursement if on-site monitoring required				\$10,000.00				
Total Cost (non-discounted)					\$10,000.00			
Total Cost (if discounted)					\$10,000.00			

New Jersey Department of Human Services

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



June 14, 2023

Ms. Mona Cartwright
Fiscal Manager
Department of Treasury
State of New Jersey
PO Box 002
Trenton, NJ 08625-0002

Dear Ms. Cartwright,

On behalf of Deloitte & Touche LLP (Deloitte¹), we are pleased to present our response to the Engagement Query to provide integrity monitoring services to the New Jersey Department of Human Services (DHS or Department) for COVID-19 Recovery Funds and Programs; Child Care Recruitment and Retention Grants, Child Care Subsidy Payments based on agreement vs. attendance, and Excluded New Jerseyans Fund programs (the Programs).

The economic and social effects of COVID-19 have been profound, with the pandemic exposing unforeseen economic challenges to the residents of the State of New Jersey ("State" or "New Jersey"), including those who have fallen behind on bills. Deloitte understands the importance of the Department's efforts to assist New Jersey households in paying these important costs, including helping the ensure working families maintain continuity of care a continue to provide child care programs with adequate financial support when needed. Our team plans to utilize our experience working with the State, as well as other state and local governments, to serve as part of New Jersey's accountability infrastructure.

Deloitte will provide an experienced team that has direct experience working with numerous core DHS's Divisions, including the Division of Family Development (DFD).

Our team has executed integrity monitoring engagements for large state programs funded through COVID-19 relief legislation, including assessing and monitoring integrity of payment relief efforts. We have integrated our Grant Management and Program Integrity teams to build consistent and transparent processes that mitigate the risk of future audit concerns, as well as the risk of Fraud, Waste, Abuse, and Errors (FWAE). Our proposed leadership team has already worked together effectively to support efforts similar to the DHS program. Our team knows how to work together to anticipate, prepare for, mitigate, and respond to potential regulatory audits to reduce the chances of fund clawbacks and fraud, waste, abuse, or potential criminal conduct.

Deloitte is one of the foremost accounting, tax, and consulting providers 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 use our organization's audit and regulatory knowledge to build customized integrity monitoring processes for each client while also achieving compliance with required state and Federal regulations, including the State and Local Fiscal Recovery Fund (SLFRF) program and the Uniform Grant Guidance found in the Code of Federal Regulations (2 CFR 200). Our brand and our team's strong competencies in financial auditing, compliance, and integrity monitoring offers DHS the confidence that this project will be done right.

Additionally, we bring a breadth of grant monitoring experience with New Jersey. Our team includes multiple team members local to New Jersey and who share a vested interest in the State's development, establishing ongoing relationships both with DHS and



PROVEN EXPERIENCE

Deloitte monitored approximately \$2.4 billion in funding received by the New Jersey Department of the Treasury and New Jersey State Police Office of Emergency Management via the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the impact of the COVID-19 pandemic. Deloitte's monitoring activities encompass **90 projects** across **30 state agencies**.

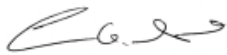
¹ As used in this document, "Deloitte" means Deloitte & Touche LLP, which provides audit and enterprise risk services; Deloitte Financial Advisory Services LLP, and its subsidiary Deloitte Transactions & Business Analytics LLP, which provides financial advisory services. These entities are separate subsidiaries of Deloitte LLP. Deloitte & Touche LLP will be responsible for the services and the other subsidiaries may provide services. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting. Our services will be performed in accordance with the Statement on Standards for Consulting Services issued by the American Institute of Certified Public Accountants (AICPA).

local governments. 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 the DHS.

Our existing team in New Jersey is committed to the effective recovery for the State and we stand ready to hit the ground running. We are prepared to host a kick-off meeting with the DHS staff no later than five days from the issuance of the Purchase Order (PO) and our approach will demonstrate impact within weeks of contract award. We know there is no time to waste, and the program is nearing closeout; getting the work done as efficiently and targeted as possible is the top priority.

As a Lead Client Service Partner for the State of New Jersey at Deloitte, I am excited for the opportunity to serve the DHS 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 grants management leaders with prior experience with large state integrity monitoring projects, 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 **+1 (212) 436-5177** or **+1 (917) 837-1457** (csaia@deloitte.com), or Ryan Foughty at **+1 (214) 402-8096** (rfoughty@deloitte.com) if you have questions related to this response.

Sincerely,



Chuck Saia
Lead Client Service Partner
State of New Jersey

CC: [REDACTED], Agency Contract Manager

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“Quality means doing it
right when no one is
looking.”

-Henry Ford

Our Understanding

Developing measures to help prevent, detect, and remediate inefficiency and malfeasance in the expenditures of COVID-19 recovery funds

Creating Accountability Infrastructure

We understand that DHS is navigating the challenges associated with providing various forms of relief to hundreds of thousands of applicants across numerous benefit support programs. The impact your team has made across the State is substantial and as your team knows – this was no small feat.

DHS worked to develop and execute these various benefit support programs in a time of need for New Jersey residents. Now, the team intends to procure the services of an Integrity Monitor per Section 3.1.1.3 of the Integrity Oversight Monitoring Request for Quotation. The team that is awarded the privilege to support DHS in this work will be responsible for:

- Reviewing and sampling applicants withing the Programs, including the identification of potential fraud
- Reviewing and sampling the document retention policies, procedures, and internal controls
- Assisting with fraud prevention, fraud detection, and data analytics

These tasks will be completed through an initial Risk Assessment, Work Plan, integrity monitoring and anti-fraud monitoring, reporting, and a project completion report. At Deloitte, our integrated approach, relevant experience, and broad capabilities across grant management, anti-fraud monitoring, stakeholder engagement, strategic planning, and program management will help meet your mission and work on the vital efforts in reviewing the Programs to prepare the team for possible future state and federal audit reviews.

A Different Approach to Integrity Monitoring

Our client-driven approach to Integrity Monitoring has been focused on process improvement. We bring solutions to grants management challenges which promote sound business practices and compliance with grants guidance. The Governor's Disaster Recovery Office has recognized this approach by assigning Deloitte to help Departments resolve previous Integrity Monitoring findings. We will also work to promote cooperation and communication among Integrity Monitors engaged by other Recovery Program Participants to guard against duplication of benefits).

Figure 1: A Different Approach

Knowing the Landscape

Our team has worked on Integrity Monitoring projects for grant program payments through federally funded programs at the state level utilizing COVID-19 recovery funds. We have templates and a process in place to review operational and financial policies, procedures, and controls to create a strong initial Risk Assessment from which to develop our Work Plan. Through our previous work, we have come to understand:

- The nuance of joining an existing team of people and organizations who have been working hard to reach a common goal as a third-party monitoring entity with the intention of making the program more effective and audit-ready, while acknowledging the hard work and decisions that have been made along the way.
- The complex environment created when multiple sources of funding flow through multiple organizations, bank accounts, and review processes, and how to reconcile this information and create the balance sheet to effectively support the overall program costs and proof of payment.
- Our teams have significant experience in supporting numerous States with the administration of Child Care Development Block Grants to support fiscal compliance to federal and state regulations.
- The importance of retaining and organizing overall program documentation, including program policies and procedures, proof of payment, eligibility documentation, procurement documentation, Federal guidance, and important decisions made for possible future audits. This information will tell the story of what happened at the time the program was executed and can be useful in capturing what occurred years later once the program is closed out and team members have transitioned to new career opportunities.

The high volume and often high dollar amount of these program disbursements, combined with advanced fraudulent techniques currently being deployed by bad actors places these programs and their administrators at a disadvantage. By employing such proactive counter measures, potential fraud within the program can be isolated and further protected against.

It should be noted that child care, not just in New Jersey but across the nation, is a critical support service to ensure economic recovery from the COVID-19 pandemic. Monitoring activities will needed to ensure the understanding of the various nuances of the federal funding guidelines and intended scope for preserving access for working families.

Qualifications and Experience

Section IX: The experience of the Integrity Monitoring (IM) in engagements of a similar size and scope

Experience Overview

Deloitte has played a critical role in serving clients who administer complex federal funding programs across the United States and its territories, specifically focusing on COVID-19 benefit support programs throughout multiple states including but not limited to, the, State of Texas, Commonwealth of Massachusetts, District of Columbia, and many others. Our thoughtful insights and approaches are focused on producing lasting results for the state and local governments. We support our clients as they develop strategies, establish and implement program governance, execute operational processes, conduct integrity and anti-fraud monitoring services, and report and account for the compliant use of Federal funding disbursed due to the ongoing COVID-19 pandemic. Figure 2 details Deloitte's significant experience over the past two-and-a-half years in promptly deploying to and assisting states with their grant programs as a result of emergency relief funding from Congress.

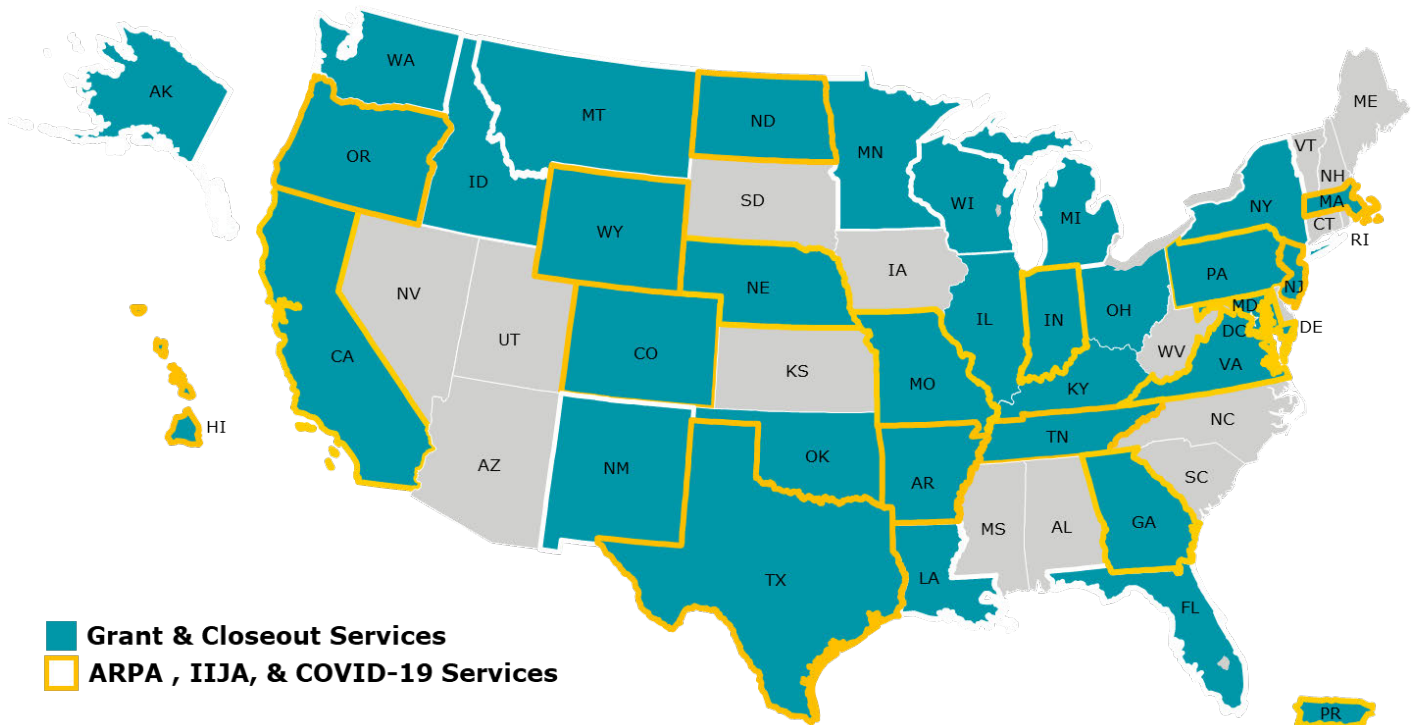


Figure 2: Grant Management Services Across the United States

Integrity Monitoring

Deloitte is a leading integrity monitoring professional service provider serving several federal, state, and local clients that depend on our experience to administer and maintain compliance over multi-billion-dollar and multi-million dollar grant programs. We have a long history of delivering quality support in audit and advisory work to federal and state agencies, specifically in grant administration, management, monitoring, and fraud assessment and mitigation solutions for the following programs:

- Childcare Grants
- Emergency Rental Assistance Program (ERAP)
- Coronavirus Relief Fund (CRF) program
- Housing Assistance Funds programs
- American Rescue Plan Act (ARPA) funding

- Coronavirus Aid, Relief, and Economic Security (CARES) Act funding
- Coronavirus Response and Relief Supplemental Appropriations (CRRSA) programs
- Elementary and Secondary School Relief (ESSER) programs
- Federal Emergency Management Agency (FEMA) Public Assistance (PA) funding
- The Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding

In addition, Deloitte's Crisis & Grants Management and Program Integrity practices are renowned in the industry for its agile delivery of crisis response and recovery services. Within days of the passage of the CARES Act, Deloitte helped the State of Nebraska develop over a dozen programs to provide funding to local governments, businesses, and its citizens. Our rapid deployment team helped create approximately 15,000 accounts and reviewed over 16,000 applications, which has resulted in the delivery of \$950 million in CARES Act funding, to date. Our organization has also worked with multiple government agencies within the Commonwealth of Puerto Rico to perform compliance procedures related to over \$2 billion of COVID-19 relief funding and more than \$30B of hurricane relief funding. We have also worked with State of Louisiana's Governor's Office of Homeland Security and Preparedness for years to perform compliance assessments of billions of dollars of funding related to hurricanes. These endeavors highlight Deloitte's ability to help efficiently develop new policies and procedures for reviewing, compliance, and subrecipient monitoring for unprecedented amounts of funding.

Program Integrity and Anti-Fraud Monitoring

Our Program Integrity teams have significant experience coordinating with diverse groups of stakeholders, benefits program administrators, technology implementation teams, and law enforcement; working with disparate datasets; analyzing transactional data for signals of potential FWAE; identifying impactful leads for anti-fraud efforts; and proactively identifying and preventing emerging fraud schemes. Our experience in serving large states and their anti-fraud programs, including States of Texas, Arkansas, Wyoming, and Nebraska and Commonwealth of Pennsylvania, has established Deloitte as an industry leader in providing strong Program Integrity services to state benefit programs.

Below is a selection of projects which align closely to the DHS Integrity Oversight Monitoring.

State of New Jersey Office of Emergency Management (NJOEM) Integrity Monitoring

Deloitte recently completed integrity monitoring for \$2.4B of the State's CRF funding. The team developed a compliance plan to conduct grant monitoring for projects belonging to over 30 different departments within the State. Deloitte selected samples and tested expenses to review compliance with 2 CFR 200 and other Federal and state regulations. Deloitte developed customized tools to evaluate expenditures and test for compliance that increase the comprehensiveness of review and efficiency. Of the 30 departments, Deloitte conducted compliance, monitoring, and oversight activities for New Jersey's Department of Education. Our team executed compliance on grant programs such as the Small Business Emergency Assistance (~\$287M), Sustain and Serve (~\$26M), and Community Grant Stage Relief Program (~\$5.5M). The team also performed the following activities:

- Developed and executed a compliance plan to evaluate the State's compliance with applicable federal and state guidelines including 2 CFR 200
- Conducted compliance, monitoring, and oversight activities for over 30 state departments including the New Jersey Department of Human Services
- Evaluated compliance with applicable Memoranda of Understanding on managing CRF funds
- Reviewed documentation retention policies and processes to meet Federal and state regulations
- Assisted departments with uploading required documentation to a centralized grants management portal
- Evaluated internal controls in place and measures taken to prevent duplication of benefits
- Conducted a risk-based approach to sampling and testing to prepare departments for future audits
- Provided quarterly integrity monitoring progress reports as well as weekly status reports

Texas Department of Housing and Community Affairs (TDHCA) Emergency Rental Assistance Program Quality Assurance / Quality Control (QA/QC) and Program Integrity Services

Deloitte was retained by TDHCA to perform monitoring and provide QA/QC, Program Integrity, and Case Review services to the State of Texas's ERAP, called the Texas Rental Relief (TRR) program. This program included rent relief, rent arrears, utility assistance, and utility arrears. It reached over 300,000 applicants utilizing over \$2 billion. Deloitte's role is to be an additional layer of review to mitigate risk between TDHCA and its vendors. The QA/QC team reviewed paid applications and controls to determine whether vendors were implementing their procedural controls in accordance with the procedures throughout the

program and to check for required supporting documentation. The Program Integrity Team performed high-level FWAE analytics and reviews applications for duplicates. The Case Reviews team assisted TDHCA in reviewing specific cases identified by TDHCA as an extension of their regulatory investigations team. Throughout this project, the teams completed the following activities:

- Developed a customized case review tool to review 6,000 paid applications for rental assistance and utilities and 300+ denied applications to determine whether applications were processed in compliance with TRR Policies and Procedures. During this process, the team consolidated observations and submitted them to TDHCA for vendor rebuttal before creating a finalized report for TDHCA.
- Provide anti-fraud and program integrity reviews to utility payments made, such as identifying altered or fraudulently modified utility statements
- Provided technical assistance around preparation for closeout, payment controls, Federal regulations, recapture thresholds, and contractor vs subrecipient responsibilities in order to help TDHCA mitigate risk throughout its overall program execution.
- Developed reconciliation framework to cross-reference payments across multiple bank accounts and associated risks for each step.
- Analyzed system data to determine whether reporting dashboards showed the expected data across multiple variables and suggested additional reporting data points to include.
- Performed a gap analysis to assess whether the TRR Policies and Procedures were in accordance with Federal treasury regulations.
- Ingested over 13TB of data and supporting documentation totaling over 180M records and 7M supporting documents in a secure environment to apply both heuristic and machine learning models to discern possible fraudulent activity.
- Processed thousands of cases with risk ratings (High/Medium/Low) totaling over \$516M in disbursed funds and utilized analytic processes to identify cases of insider threats
- Constructed production level dashboards in Tableau highlighting specific trends, metrics, and KPIs for suspected fraud activity.
- Employed advanced machine learning models including time series analysis, natural language processing, and network analysis to discern potentially fraudulent activity among over 180 million records.

In addition, our team was given an 'A' grade in the Texas Comptroller Vendor Performance Tracking System indicating that "the vendor significantly exceeded the requirements of the purchase order or contract to the state's benefit, that any problems with the purchase order or contract were minor and that corrective actions taken by the vendor to address such problems were highly effective." Our team received the only 'A' to be granted to a vendor providing ERAP services. The report grade can be found publicly [at this link](#).

Nebraska Department of Health and Human Services Child Care Stabilization Program

In response to the urgent need to stabilize the child care sector, Section 2202 of the ARP Act was enacted. Deloitte is currently assisting the Nebraska DHHS in issuing its \$140M allocation of the ARP Act Child Care Stabilization Funds. This funding gives states, territories, and tribes the resources and opportunity to address the financial burdens faced by child care providers during and after the COVID-19 public health emergency, and the instability of the child care market as a whole. As a result of the ARP Act, Nebraska has been able to administer grants totaling over \$104M to-date to help 2,270 childcare providers remain open to provide care for children during the state of emergency in response to the COVID-19 pandemic.

Deloitte designed, configured and implemented DHHS' Child Care Stabilization Program's online application portal via GovConnect. The cornerstone of Deloitte's program administration support includes:

- Coordination with program staff to establish criteria in accordance with treasury guidelines along with planning, designing, and implementing overall program.
- Development of public facing documentation, including announcement of program, application portal user guides, FAQ's/eligibility criteria, and email notifications at various stages of application processing/review.
- Development of a streamlined provider portal via GovConnect.
- Integration of a contact center team to handle any provider questions (programmatic or technical) through program entirety.
- Utilizing Deloitte's GovConnect technology platform for application intake, reviews, tracking, and payment support.

- Configuration of a public facing website which provides applicants with all program information along with program metrics through data analytics.
- Assisting with grant award disbursement and grant monitoring reporting to summarize key data points via the demographic information collected from the provider application.

This solution was implemented for DHHS in 5 weeks to enable DHHS to streamline the grant issuance process, which reduced time spent on manual processing by the agency staff. These solutions also enabled the state of Nebraska to be the only state in the region to meet the requirement of distributing 50% of their allotted funds as defined by the U.S. Department of Health and Human Services.

Additional Qualifications

In addition to the two qualifications above, Deloitte has assisted in grant monitoring and oversight for the following grants related to COVID-19 funding. We are happy to provide additional details upon request.

Client	Service Start/End	Related Work	Funding Managed
State of New Jersey Office of Emergency Management	2021 - Present	CARES Integrity & Compliance Monitoring	\$2.4B+
State of Louisiana	2006-Present	Grant Administration	\$14B+
State of New York	2014-2020	Superstorm Sandy Monitoring	\$4B
State of New York	2020	CARES Oversight	\$5B+
State of Nebraska	2020-Present	CARES Grant Operations and ERAP	\$1B+
Commonwealth of Kentucky	2020-Present	CARES Oversight	\$1B+
Commonwealth of Puerto Rico	2020-Present	CARES Oversight	\$2B+
St. Louis County	2020-Present	CARES and ARPA Strategy and Compliance and ERAP	\$400M
City of Atlanta	2021-Present	City of ATL ERAP and Small Business Resurgence Grants	\$30M
New York City's Economic Development Corporation	2021- Present	Construction Integrity Monitoring	\$1.5B
Commonwealth of Pennsylvania	2022– Present	ESSER Subrecipient Monitoring	\$7.7 B

Approach and Timeline

Section III: A description of how the Integrity Monitor intends to accomplish each component of the scope of work in Section II above, including a timeline for submission of the deliverables required by this Engagement Query.

Our approach is based on experience and is designed and focused around being transparent, diligent, and flexible.

Deloitte has been actively involved in creating, deploying, and managing assistance programs throughout the U.S. Specifically, our engagements across other states have allowed us to standardize and streamline the process of managing application and program reviews, while applying control measures throughout each stage of the process. We are well-versed in the Federal grant requirements and the common pitfalls other states have experienced.

Deloitte's approach is designed to provide DHS visibility into our efforts. Our team will work collaboratively with DHS and its vendors to evaluate process controls, drive process enhancements in the closeout of the Programs, and to address areas of deficiencies and possible risks as they are identified.

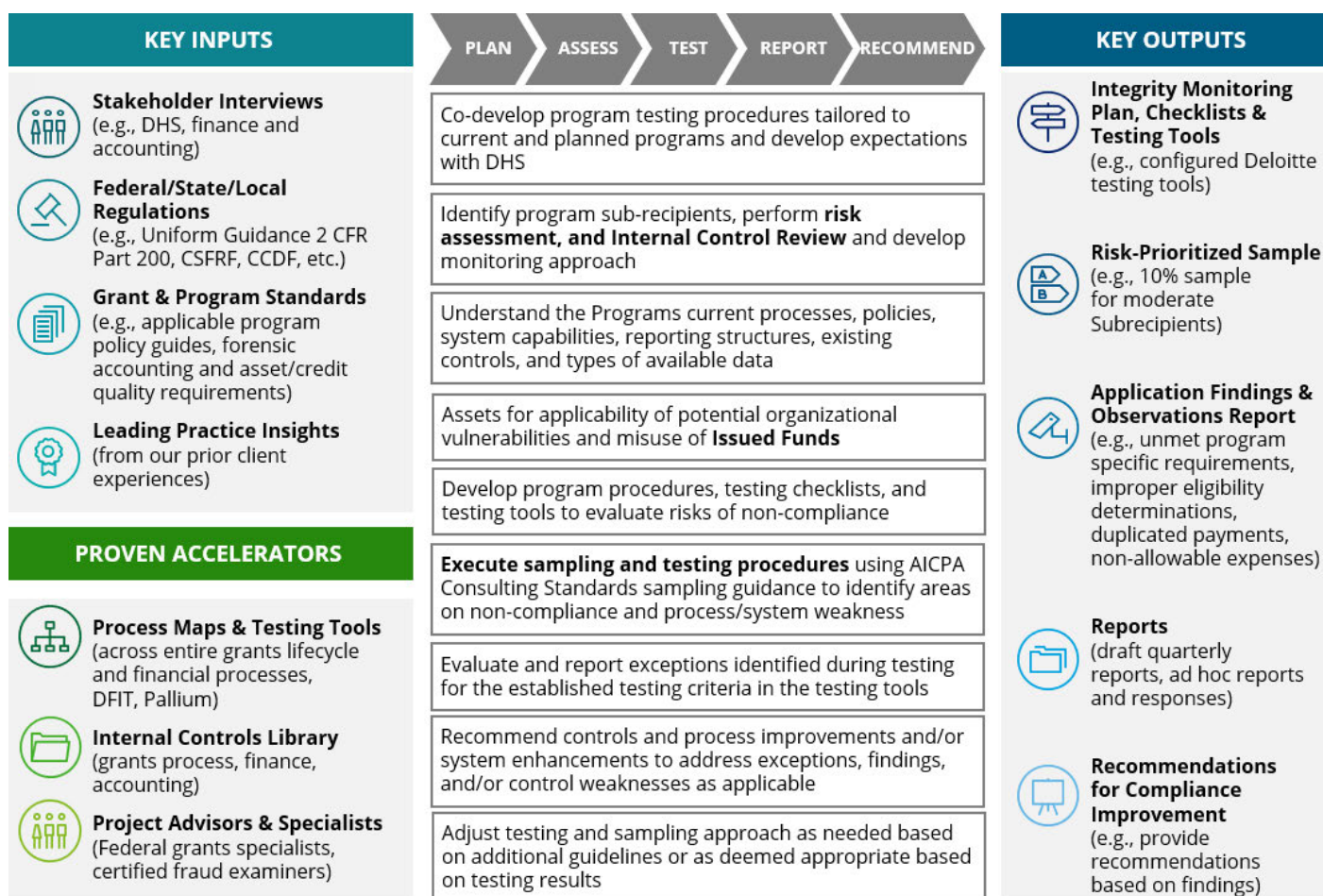


Figure 3: Integrity Oversight Monitoring Framework

As demonstrated below and throughout our proposal, Deloitte has extensive experience conducting programmatic and financial compliance activities as described above. Our approach, as described in further detail below, outlines how we will provide the services listed in the Category 3: Integrity Monitoring / Anti-Fraud table. We have found the Integrity Monitoring solicitations to be intentionally broad, and so are prepared to work with the State to establish the right mix of compliance services for each program.

To begin our team will conduct a kickoff meeting with the Programs' leadership and designated points of contact to discuss the project objectives, deliverables, due dates, identified personnel, initial questions, reporting formats, and methods of communication no later than five days after the issuance of the Purchase Order. We will also discuss the high-level project timeline and the format for the project plan. During the meeting Deloitte will distribute its initial draft of documentation requests, and once the meeting has concluded, our team will begin on the review of the Programs to move towards the finalization of the Risk Assessment and Work Plan in a timely manner.

Risk Assessment and Programmatic Internal Control Review

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, 2 CFR 200 and program-specific eligibility requirements. This involves assessing the current state of DHS 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. This assessment will provide the opportunity to identify potential gaps and inefficiencies in expenditure of the three grant programs.

Deloitte will analyze the following information to assess FWAE risks in DHS's control environment, gaps in procedures that may result in program non-compliance, and to identify program characteristics to be tested in our Work Plan. This information will include, but is not limited to:

- Program guidelines, policies, and procedures, including document retention procedures, and safety licensing regulations, if applicable
- DHS organizational structure and capacity
- DHS internal controls and monitoring procedures
- Level of risk associated with the problem
- DHS's prior audit

This process will also include interviews with leadership to gain an understanding of the current risk management governance structure and other factors relevant to existing anti-fraud activities related to the Programs. The objectives of this phase are to:

- Gain an understanding of the current environment including internal controls, prior issues, risks, and roles and responsibilities
- Recognize and understand decisions that have made historically in the execution of the Programs
- Identify fraud trends and uncertainties in the Programs' internal and external environment that may result in fraud-related risks
- Gain an understanding of the child care system within NJ and the unique complexities of grant administration for COVID-19 related aid as compared to CCDF rules and regulations

Our team will provide brief meeting notes and summaries to DHS. 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.

Program Sampling and Testing

Following the Risk Assessment, Deloitte will work with DHS to develop a sampling approach for how high risk and accompanying expenditures will be selected for testing. Due to our team's familiarity with the common areas of concern and compliance issues with large federal grant childcare programs, our team can identify patterns and inconsistencies that may be indicative of potential fraud. In this instance, the Integrity Monitoring team will coordinate to design a path forward and update our sampling procedures accordingly to account for the observation. Furthermore, our sampling methodology may be adjusted during the engagement to consider prior findings or indications of potential fraud to minimize fraud, waste, or abuse.

Our sampling methodology will be based on the American Institute of Certified Professional Accountants (AICPA) Auditing Standards and will be informed by identified risk areas, our understanding of common issues, and the programmatic structure to the data. The structure of the data will help our team understand which tests may be able to be performed at a high-level to reduce the need for time-intensive manual checks.

Our technology enabled data-driven approach goes beyond just testing and reporting exceptions. It is designed to work collaboratively with DHS and the Programs to enable process controls and drive technology enhancements and timely address areas of deficiencies as they are identified. Our risk-based sampling methodologies backed by Deloitte's proprietary Automated Controls Testing Tool (ACTT) can provide significantly higher level of quality assurance and confidence levels from a smaller but more risk-prone sample size. This will allow for greater efficiencies in performing manual QA/QC procedures thereby reducing cost and improving compliance over the Programs. In addition to transactional sample testing, our approach towards detecting and preventing fraud, waste, abuse, and errors will evaluate human components in the three in scope programs.

To enhance program oversight, Deloitte might offer our technology accelerator, **Pallium™** to DHS for this engagement. It is a Platform as a Service (PaaS) technology stack running analytic detection protocols to uncover anomalies and irregularities. This tool is capable of quickly ingesting data from any data source and store it in the effective technology to enable further investigation. It includes analytics tools pre-configured to enable ready data analysis and algorithm research and development.

This tool is capable of quickly ingesting data from any data source and store it in the effective technology to enable further investigation. It includes analytics tools pre-configured to enable ready data analysis and algorithm research and development. Pallium™ has been a key tool in driving efficient and effective data management and data analytics for numerous federal departments and several state emergency relief programs. Deloitte has delivered measurable, impactful, and lasting results for numerous states and their various programs. Pallium™ has been developed internally at Deloitte and deployed across numerous states to assist in their complex program integrity challenges, and Deloitte looks forward to the possibility of sharing this innovative and useful tool with DHS, as part of our suite of technology support.

Deloitte's Pallium™ Deployment Experience



Emergency Rental Assistance Programs in Texas, Louisiana, and Nebraska



U.S. Department of Veterans Affairs (VA)



U.S. Department of Transportation (DOT)



U.S. Federal Drug Administration (FDA)

To facilitate development of the Testing Plan, Deloitte will leverage our **Deloitte Monitoring Toolkit** which includes many tools and technologies for our team's use to accelerate sample tests and the evaluate the expenditures. Table 4 provides illustrative examples of the tools, templates, and process accelerators. Deloitte's toolkit allows our team to help DHS manage and identify risk and select samples for testing based on Operational, Compliance, and Financial risk indicators. The Deloitte Monitoring Toolkit includes pre-established workpapers with relevant attributes for sample testing based on the Uniform Guidance, including testing of:

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

2.0 SITE VISIT PREPARATION					
2.1 DOCUMENT REQUESTS					
Step ID	Category	Document Name	Document Details	Document Request Status	Document Receipt Status
A.1	A. General / Entity-Level Standards	Grant policies and procedures	General	Requested (Letter)	Not Received
B.2	B. Eligibility	Organizational charts for employees working on grant programs	General	Requested (Letter)	Not Received
B.4	B. Eligibility	Code of ethics or code of conduct with evidence of dissemination	General	Requested (Letter)	Not Received
C.4	C. Matching, Level of Effort, and Earmarking	Payroll report for personnel working on grant programs	Sample Key	Not Requested	Not Received
C.6	C. Matching, Level of Effort, and Earmarking	Timesheets and sign-offs	Selection from Sample	Not Requested	Not Received
D.1	D. Allowable Activities and Cost Principles	Budget management and review support		Requested (Letter)	Not Received
D.2	D. Allowable Activities and Cost Principles	General ledger detail to support quarterly reports/expenditures, Chart of accounts	By Grant Program	Requested (Letter)	Not Received
D.3	D. Allowable Activities and Cost Principles	Last two (2) quarterly reports for the grant program	By Grant Program	Not Requested	Not Received

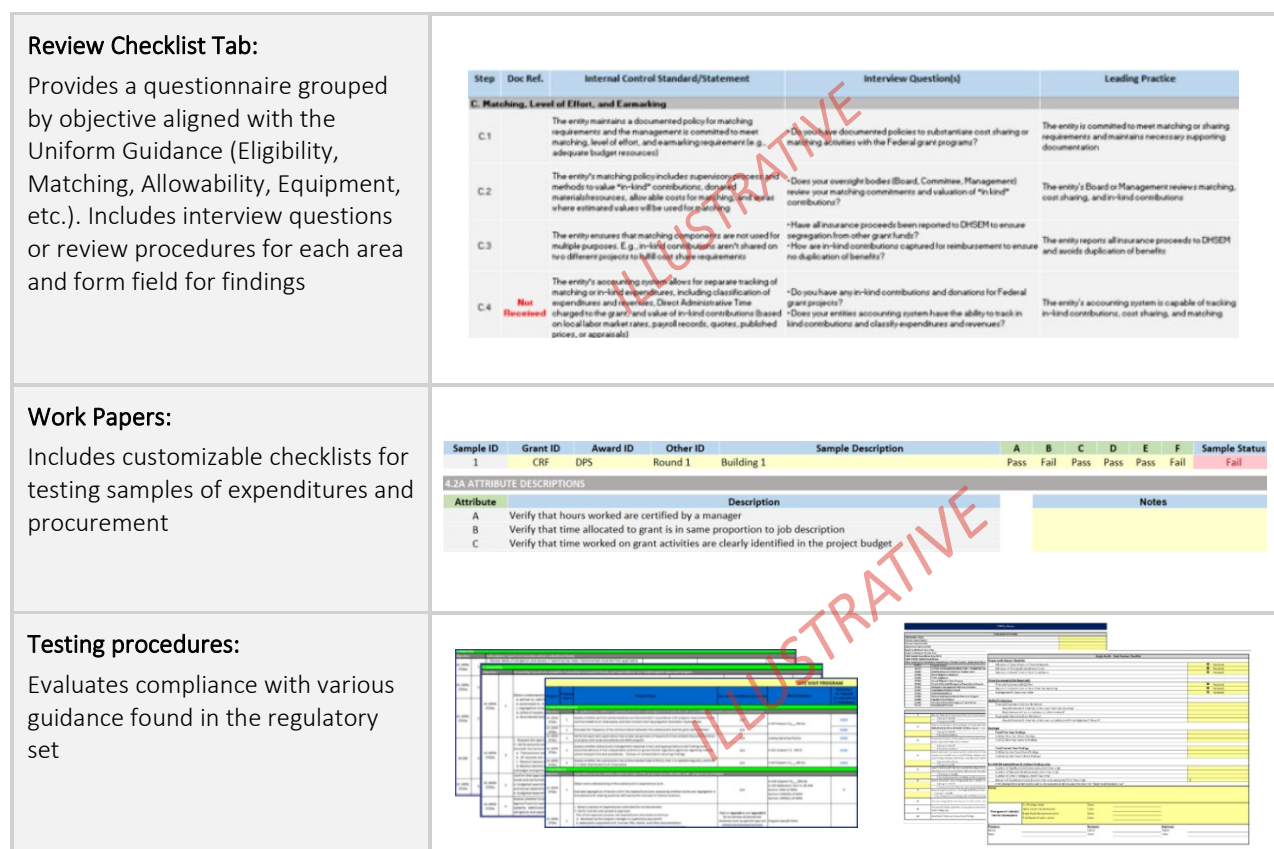


Figure 4: Illustrative Tools, Templates and Process Accelerators

Intentional focus on enhancing accuracy in eligibility determinations and minimizing payment errors supports DHS's objective of maintaining oversight of the Programs, implementing, and managing appropriate compliance systems and internal controls as required by federal and state guidelines, regulations, and law. Ideally, the end state is detection and the ability to investigate potential fraud and misconduct. Any fraudulent diversion of program funds from their intended purpose may deprive beneficiaries of needed services, impacting the sustainability and reputation risk of DHS's execution of distribution of Non-federal resources. Identifying overpayments due to fraud, waste, abuse, or errors — and recovering those overpayments — is resource-intensive and can take substantial amounts of time to resolve, with limited opportunity to recover lost funds. Thus, identifying errors, stopping fraud, and enhancing accuracy as early as possible in the process is the most effective way to reduce wrongful payments. Our results may also support DHS in developing stronger, more compliant programs in the future.

Deloitte will execute the sampling strategy to select a risk-based 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 then work with DHS to locate financial support related to fund expenditures as well as assist, where required, subrecipients with the upload of required expenditure documentation (purchase orders, invoices, proof of payments, etc.) to the DHS' system of record to illustrate 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.

Sample of Application Attributes	Possible Areas of Testing	Methods of Testing
Program Performance	- Adherence to DHS's current processes, procedures, and controls - Procedures for monitoring grant sub-recipients as a pass-through entity, in accordance with 2 CFR §200.331	✓ 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, abuse, and errors ✓ Review applicable formal and informal policies and procedures ✓ Review 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
Internal Controls	- 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	✓ 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	- 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 allowability	✓ Reconcile Final Claim to expenses documented from the grants management 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	- Calculation checks - Eligibility Thresholds - System algorithms	✓ Reperform benefits calculation ✓ Review benefits against program thresholds using testing tools configured for the Programs

Sample of Application Attributes	Possible Areas of Testing	Methods of Testing
Duplication of Benefits	• 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	✓ 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 grant management system's ability to identify and flag duplicate applications, property claims, applicants or multiple instances of claims on the same property by various applicants

Figure 5: Representative List of Potential Testing Methods

Although our testing procedures for each of the Programs will evaluate compliance, we will take the following **additional steps to evaluate fiscal controls of the systems and grant management vendor**:

- Leverage Data analytics and diagnostic processes to uncover patterns, trends, and outliers that may be indicative of potential fraud and abuse (e.g., duplicated applications, false information)
- Analyze role-based access restrictions to see if segregation of duties for internal and external users are being enforced
- Review approval thresholds for normal and outlier transactions or situations based on our historic experience with similar programs as well as data made available by DHS
- Test the system for input testing checks on user-provided data by reconciling against trusted third-party data sources for identity and information testing (e.g., LexisNexis)
- Test the system's activity tracking capabilities to evaluate the audit trails generated are sufficient and document retention periods are in compliance with the program requirements and applicable statutes
- Review DHS's methodology and approach to managing existing controls and processes related to improper payments

Fraud Prevention and Detection Data Analytics

Deloitte's childcare analytics approach includes fraud analytics and detection techniques. Our team will identify case samples to test across multiple dimensions of the applicant and disbursement data, and will utilize third party data such as open-source, publicly available data to compare case data. Through Deloitte's extensive network of projects in the federal, state, and local government industry, we stay current on fraud trends and schemes as soon as they emerge. We also actively track, document, and seek to address newly identified fraud trends in our fraud risk business rule catalogue. Our anti-fraud risk rules have been developed based on experience detecting and preventing fraud in other states and with numerous programs. Our catalog currently contains over 50 fraud risk rules and is continuously updated and refined. These rules can also be leveraged and applied to help provide structure across numerous data sets, while also including FWAE patterns such as:

- Eligibility Checks (i.e., review and assess for outliers and anomalies in the provided case data)
- Duplication Checks (i.e., applicant is receiving duplicative benefits or trying to circumvent system)
- Suspicious Activity Checks (i.e., applicant is exhibiting characteristics atypical of a standard application)

Throughout our reviews of the Programs, our goal is to identify areas of risk and to work collaboratively with DHS leadership and vendors. Efficient integrity monitoring programs serves as a warning system that continuously allows the identification of compliance issues in a timely and efficient manner. Once gaps in current controls and processes have been identified and prioritized, Deloitte will propose a series of actionable steps to bridge known gaps, mitigate compliance risks, and enhance the effectiveness of controls. These actionable steps will primarily be focused on DHS, however in the event that poor controls or processes at the sub-recipient level are identified, these recommendations will also be included as appropriate. When and if we

identify instances of potential fraud, waste, abuse, and errors our team will report on what trends appear to be present in applicant and disbursement data.

Structured Approach to Analyzing Data

Deloitte has offered our FWAE consulting services on numerous COVID-19 program engagements in states such as Nebraska, Texas, Arkansas, and District of Columbia, as well as for other emergency benefit programs (e.g., Unemployment Insurance, SNAP, Small Business Grants, etc.). Through these engagements, we have recognized that it is essential to implement a strategy that leverages Deloitte's bench of subject matter specialists and their input to build out systemic FWAE checks, as well as provide a feedback loop. These detection strategies are designed to improve DHS's efforts through greater transparency and accountability, strengthened data, and innovative analytic tools.

Because of where the Programs are in their lifecycles, the Deloitte team will develop tailored data management approaches for each of the three programs. Our team will then work to deploy the below flags, indicators, and business rules to identify FWAE within the separate programs.

Identifying Known FWAE Indicators and Risks

After claims are processed and the foundational checks have been performed, our team will then perform additional analytics steps to identify features for further investigation and consideration, using known patterns of fraud in our fraud detection rules repository, and stakeholder feedback. This could include features such as:

- Submission metadata aggregation – information on the electronically submitted applications can be used to identify individuals attempting to submit multiple fraudulent claims; assuming this data is stored and collected by the Program.
- Date/Time of submission
- Internet Protocol (IP) address
- Email address
- Email domain
- Device type
- Operating System (OS)
- User agents
- IP address distance calculations (i.e., are claims being submitted from out of state)
- Flagging of compromised applicants – known issues with applicants including suspicious account/email domain activity (account change requests, email domain issues, fraudulent account creation requests, etc.), Suspicious IP address activity (out of state IP), potential victims of Identity Theft.
- Cross-reference against known cyber-criminal activity – utilize open-source databases to identify potential data breaches that could lead to the compromise of personally identifiable information (PII) used to file applications.



Deloitte's approach is grounded in a focus on actors, rather than processes, to ensure payments end up in the right hands. Employing a tactical, three-pronged approach utilizing the latest tech-based analytic tools and processes, Deloitte will help deliver effective identity assessment, duplication identification, and fraud detection and deterrence capabilities to case management personnel.

Prevention

Take a **proactive approach** that aims to identify potential unintentional duplication errors and fraud, waste, and abuse transactions before payment has been issued. This approach helps to protect funds and **streamline the process for communities in genuine need.**

Detection

Utilize business rules that look for **known pattern's** indicative of unintentional duplication errors or potentially suspicious activity tied to fraud, waste, and abuse, while **developing more sophisticated strategies** for detection.

Response

Provide data and knowledge acquired through the prevention and detection activities to **inform and empower response** based on agency objectives and authorities.

Figure 6: Deloitte's Anti-Fraud Monitoring Approach

Cross Checking Data

Data integration and analysis performed during this phase will help us understand the data population and develop risk indicators to help flag potential FWAE. We will subsequently evaluate the data for potential FWAE by creating fraud detection rules and models, running these rules on the data, and flagging applications for potential FWAE. For the programs that are fully disbursed, the team's assessment of high-risk cases will be further reviewed by utilizing third-party data to help identify and substantiate potential fraud. Deloitte's access and relationships with third-party data providers will be an asset in helping to combat fraud in this Program. Third party data also helps to identify red flags within data, and while this does not necessarily confirm fraud activity, it does help to identify known patterns and instances of potential vulnerabilities within the program. These flagged cases will be compiled and scored into a case-level rules report and high-level dashboard which will be shared with DHS stakeholders and will help catalogue potential fraud. Additionally, Deloitte will support DHS to identify potential enhancements based on findings during our risk assessment and data analysis phases for incorporating anti-fraud detection mechanisms into the claims process to increase the level of systemic fraud protection. Our goal throughout this effort is to work collaboratively with program managers and stakeholders to improve program compliance and operations.

Reporting, Deliverables, and Timeline

Deloitte's reporting approach is designed to provide DHS visibility into the program's progress. We will start by developing the reports and dashboards to visualize the results of our analysis to be shared with the DHS team. We have deep experience in creating and assessing reports across a variety of financial, operational and compliance dimensions. We can adapt our analytical tools and dashboards to meet DHS's specific technology requirements and reporting preferences.

An important component of effective execution will be regular feedback and collaboration with DHS, system stakeholders, and DHS's teaming partner. Throughout each phase of the process, Deloitte will work closely with stakeholders to understand the stakeholder circumstances and challenges as well as the data environment and structure. The outcome of these risk indicators and advanced analytics will help to drive risk and prioritization scoring to provide investigation analysts with the leads with the greatest potential for return on investment and will be communicated regularly and as appropriate to DHS during regular touchpoints.

Risk Assessment

Seven (calendar) days following the kick-off meeting, Deloitte will provide the risk assessment to DHS as outlined in section "Risk Assessment and Programmatic Internal Control Review".

Work Plan

Seven (calendar) days following the delivery of the risk assessment, Deloitte will provide the Work Plan. Our Work Plan will detail each phase of the assessment, with subtasks, effort owners, and progress to date. This Work Plan will be a guiding tool of the engagement, helping to shape the direction of the Team's efforts, while driving towards the pre-determined objectives. Furthermore, the Work Plan will include the final sampling methodology decided upon based on the Risk Assessment.

Interim Reports/Periodic Meetings

Status reports will be used in our periodic touchpoints with DHS. Based on the duration of the process and the speed of the work, our team proposes formal biweekly check-ins with the team and consistent communication with designated points of contact for both DHS and Deloitte about day-to-day items

Monthly Report

The Monthly Reports will include actions completed, roadblocks and issues, next steps, and overall progress towards the completion of our reviews.

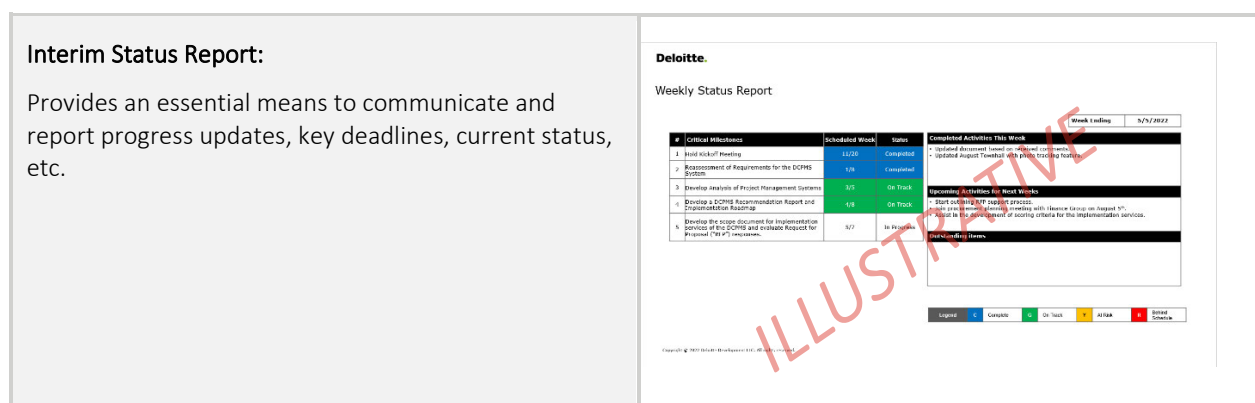


Figure 7: Sample Monitoring Status Reports

Quarterly Integrity Monitoring Progress Reports

On the last day of the calendar quarter during the performance of the engagement, Deloitte will provide DHS with a draft of the quarterly report using the provided Quarterly Report template. After DHS review, if required, Deloitte will finalize the report within the 15 business day window and send them to the State Treasurer for public posting. As noted in the Q&A, the last quarterly report will be delivered by 9/30/23.

Project Completion Report

At the end of the engagement, our team will submit a Project Completion report including at a minimum the scope of the engagement and the methodology executed, documentation of work performed, and a summary of findings and potential mitigations for FWAE of the Programs or future programs. This report will detail final findings reported in quarterly or interim reports, unresponsiveness to requests for information, non-compliance with federal reporting requirements, and allegations of misuse of funds. These observations would have been included in prior interim reports for discussion prior to identifying it as a program finding.

Additional Reports (as needed)

Deloitte acknowledges that there may be additional reports needed and required by the Office of the State Comptroller (OSC). On these occasions, Deloitte will leverage the information and data gathered throughout the engagement to produce the additional reports upon request.

In addition, our team will have a primary point of contact for billing. Payment invoices will be provided on a monthly basis including hours billed to corresponding Work Plan categories, an evaluation of effectiveness of fraud prevention activities, and a summary of indications of FWAE.

Reports of Fraud, Waste, Abuse, or Potential Criminal Conduct (as needed)

DHS's stakeholders can review these anti-fraud analytics through routinely generated intermittent reporting, for which our team will schedule regular touchpoints to highlight findings and critical takeaways. These components will be designed based on DHS's specifications and with the end user in mind. While false positives and false negatives are a challenge in FWAE datasets, Deloitte will track against available confirmed FWAE outcomes and coordinate with the counterparts at DHS to summarize and evaluate their impact. Where possible, Deloitte will identify potential solutions for incorporating fraud detection mechanisms into the FWAE analytics process, to increase the level of systemic fraud protection.

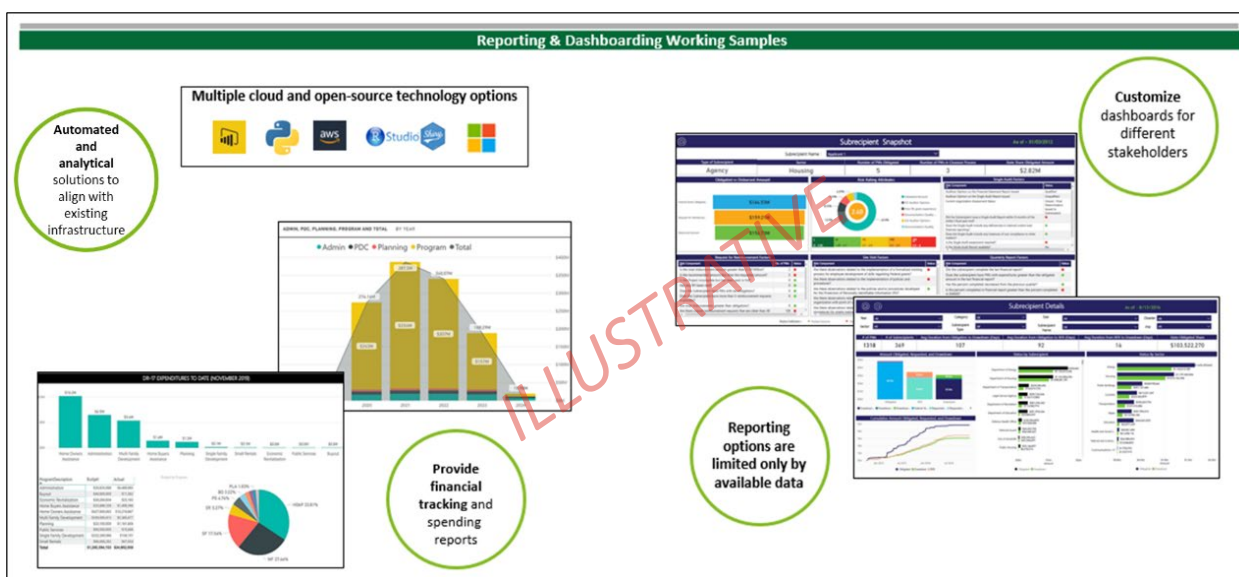


Figure 8: Anti-Fraud Analytics Report Samples

Overall Project Timeline and Deliverable Milestones

Our team plans to follow the specific milestones provided in Section II.C of the Engagement Query. Based on the current status of the program nearing completion, we anticipate that sampling will only be conducted once throughout our engagement. The project completion report will be provided before or on 8/15/2023 and final quarterly report will be provided by 9/30/2023.

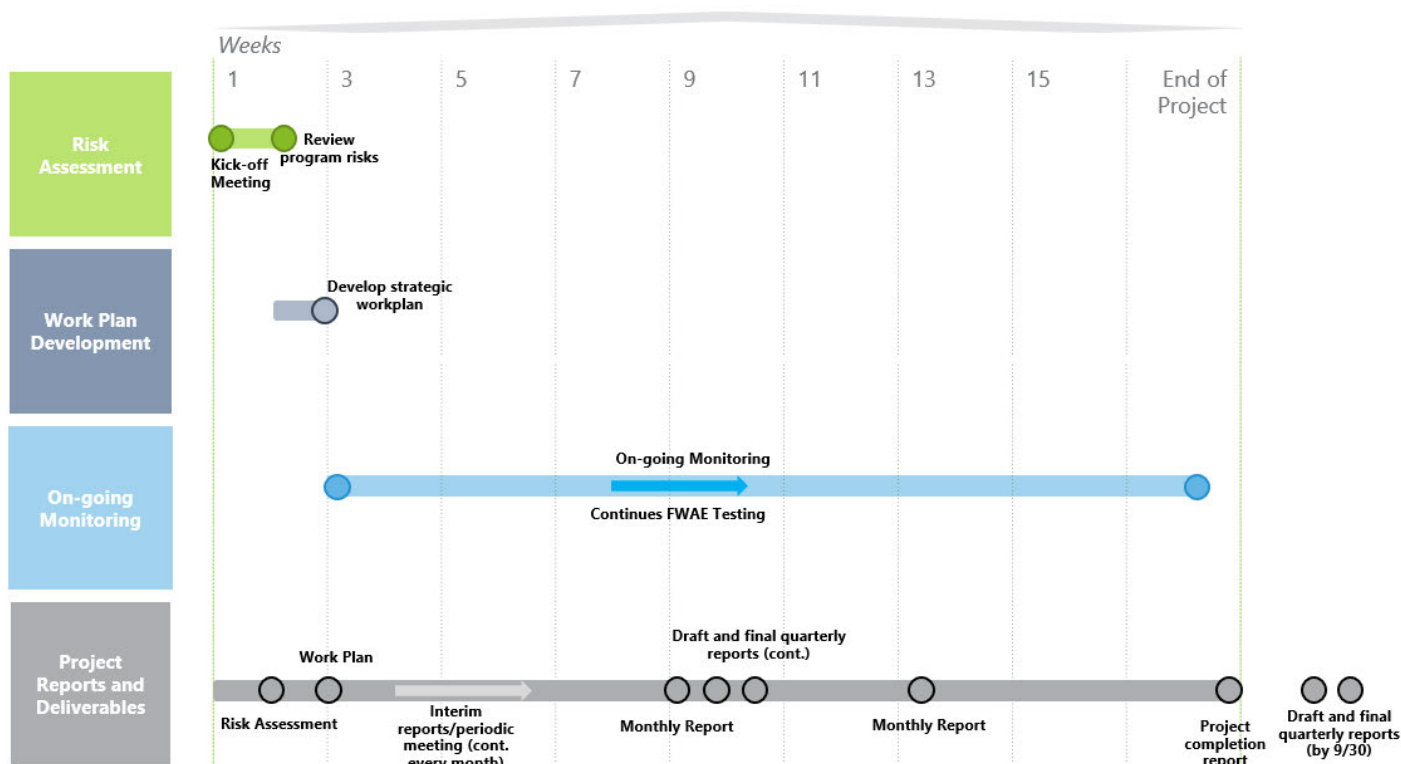


Figure 9: Illustrative Project Timeline Dependent Upon Pricing Assumptions

Deliverables	Delivery Date
Kick-off meeting with DHS staff and successful IM	5 business days following the issuance of a purchase order
Risk Assessment	7 days following the kick-off meeting
Work Plan	7 days following the delivery of the Risk Assessment
Interim Reports/Periodic Meetings	Periodic meeting as needed. No interim reports beyond those outlined elsewhere in this chart.
Draft Quarterly Report(s)	Last day of each quarter during the performance of the engagement
Final Quarterly Report(s)	15 business days after the end of each quarter
Monthly Report	6/15/2023; 7/15/2023
Project Completion Report	8/15/2023

Budget and Staffing

Bringing the right team and the right experience at a competitive rate

Staffing Plan

Our dedicated Deloitte professionals bring vast and varied experience, specialized skillsets, and deep grant management and integrity monitoring knowledge to share with the DHS team. To meet the objectives and goals of, we have assembled a specialized team of individuals and project advisors with the required Integrity Monitoring, Anti-Fraud Monitoring and Childcare Programs experience to provide value. Each member of our team will leverage their respective subject-matter knowledge to provide strong return on investment to DHS. Our team is able to execute the scope of work based on the proposed personnel, staff classifications, and hours allocated in this Engagement Query taking into consideration our Assumptions.

Deloitte will deploy a team of individuals, many of whom reside in New Jersey and the local area who 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 Morristown, Jersey City, and Princeton. In addition to the team presented in this organizational chart, we bring a bench of over 200 specialists from our National Grant Management and Public Sector Recovery practices, with experience in Federal grant program monitoring and administration, who are available for deployment as needed for the project.

Our leadership team includes members with extensive experience in administered Integrity Monitoring projects including some who performed Integrity Monitoring Services for DHS.

Outlined on the next page is an organizational chart showing our proposed team structure followed by an overview of our team.



Figure 10: Proposal Organizational Structure

Please find brief information on the professionals ready to serve DHS.



Ryan Foughty
Grants Oversight
Deloitte & Touche LLP

Ryan will serve as the Engagement Director and will provide leadership and strategic guidance for the execution of services and contractual activities under this contract. Ryan has over 25 years of experience in actively administering federally funded grants management projects for state and local governments in New Jersey, Texas, Wyoming, Missouri, and Puerto Rico. In his role, Ryan will report directly to DHS on contractual matters and manage the overall performance under the contract to meet the required timelines of our proposed services.

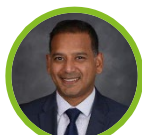


Amina Popowich

Grant Funding and Monitoring Oversight

Deloitte Transactions & Business Analytics LLP

Amina Popowich is a Principal in our Program Integrity practice, where she leads our State, Local, and Higher Education work and has over 17 years of experience leading large, complex teams. She has specific experience in maturing program integrity operations, leading strategy development, implementing enterprise governance structures, measuring performance and savings, implementing predictive analytics systems and methodologies, and leading organizational change.



Mohinder Singh

Program Manager

Deloitte Transactions & Business Analytics LLP

Mohinder has more than 19 years of experience and specializes in providing grant management, integrity monitoring and oversight services as well as services to enhance and develop processes and controls to manage capital spend for both public and private sector clients. He is currently leading the team engaged by the New York State Governor's Office of Storm Recovery (GOSR) for performing grant management and integrity oversight services in connection with approximately \$4 billion in grant funding related to capital projects. Mohinder is a New Jersey resident.



Jonathan Morin

Program Manager

Deloitte Transactions & Business Analytics LLP

Jonathan is an experienced project manager with over 11 years of experience. He focuses on State and Local engagements, specifically those that are grants and benefits support related. He has led large teams in States such as Texas and Pennsylvania and has significant experience in helping state and local agencies navigate the complex, and often fraud laden programs brought on by COVID-19.



Omar Rosas-Salazar

Team Member

Deloitte & Touche LLP

Omar is a Senior Consultant in Deloitte Risk & Financial Advisory practice. Omar specializes in providing grants management solutions to state and local government clients. His previous roles include Project Manager and Team Lead for large Presidentially declared disasters. Omar has an extensive background in government regulation as spent seven years in the Public Sector in government compliance as a financial institution examiner and as a financial analyst regulating insurance companies. Omar's overall experience allows him to navigate complex regulatory issues and assist clients in providing solutions.

Integrity Monitoring - Price Sheet

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 previously been agreed to in the Best and Final Offer; after review of the overall proposed price our team is ready to discuss with DHS, the precise level of work required for each phase and collaboratively make further adjustments.

	Staffing Category	Hourly Billing Rate (\$)	Hours	Amount (\$)	Total Cost (\$)	Hourly Discounted Billing Rate (\$)	Amount (\$)	Total Cost (discounted) (\$)	
Risk Assessment	Partner/Principal/Director	\$288.00	2	\$576.00	\$19,630.00	\$288.00	\$576.00	\$19,630.00	
	Program Manager	\$262.00	15	\$3,930.00		\$262.00	\$3,930.00		
	Project Manager	\$229.00	40	\$9,160.00		\$229.00	\$9,160.00		
	Supervisory/Sr. Consultant	\$190.00	0	\$0.00		\$190.00	\$0.00		
	Consultant	\$136.00	40	\$5,440.00		\$136.00	\$5,440.00		
	Associate/Staff	\$105.00	0	\$0.00		\$105.00	\$0.00		
	Subject Matter Expert	\$262.00	2	\$524.00		\$262.00	\$524.00		
	Administrative Support	\$87.00	0	\$0.00		\$87.00	\$0.00		
			99						
Work Plan Development	Partner/Principal/Director	\$288.00	2	\$576.00	\$19,630.00	\$288.00	\$576.00	\$19,630.00	
	Program Manager	\$262.00	15	\$3,930.00		\$262.00	\$3,930.00		
	Project Manager	\$229.00	40	\$9,160.00		\$229.00	\$9,160.00		
	Supervisory/Sr. Consultant	\$190.00	0	\$0.00		\$190.00	\$0.00		
	Consultant	\$136.00	40	\$5,440.00		\$136.00	\$5,440.00		
	Associate/Staff	\$105.00	0	\$0.00		\$105.00	\$0.00		
	Subject Matter Expert	\$262.00	2	\$524.00		\$262.00	\$524.00		
	Administrative Support	\$87.00	0	\$0.00		\$87.00	\$0.00		
			99						
On-going Monitoring	Partner/Principal/Director	\$288.00	16	\$4,608.00	\$742,988.00	\$288.00	\$4,608.00	\$742,988.00	
	Program Manager	\$262.00	80	\$20,960.00		\$262.00	\$20,960.00		
	Project Manager	\$229.00	960	\$219,840.00		\$229.00	\$219,840.00		
	Supervisory/Sr. Consultant	\$190.00	1280	\$243,200.00		\$190.00	\$243,200.00		
	Consultant	\$136.00	1280	\$174,080.00		\$136.00	\$174,080.00		
	Associate/Staff	\$105.00	640	\$67,200.00		\$105.00	\$67,200.00		
	Subject Matter Expert	\$262.00	50	\$13,100.00		\$262.00	\$13,100.00		
	Administrative Support	\$87.00	0	\$0.00		\$87.00	\$0.00		
			4306						
Reports	Partner/Principal/Director	\$288.00	3	\$864.00	\$20,056.00	\$288.00	\$864.00	\$20,056.00	
	Program Manager	\$262.00	6	\$1,572.00		\$262.00	\$1,572.00		
	Project Manager	\$229.00	20	\$4,580.00		\$229.00	\$4,580.00		
	Supervisory/Sr. Consultant	\$190.00	40	\$7,600.00		\$190.00	\$7,600.00		
	Consultant	\$136.00	40	\$5,440.00		\$136.00	\$5,440.00		
	Associate/Staff	\$105.00	0	\$0.00		\$105.00	\$0.00		
	Subject Matter Expert	\$262.00	0	\$0.00		\$262.00	\$0.00		
	Administrative Support	\$87.00	0	\$0.00		\$87.00	\$0.00		
			109						
	Allowance for Travel Expenses and Reimbursement if on-site monitoring required	\$0.00							
	Total Cost (non-discounted)					\$802,304.00			
	Total Cost (if discounted)					\$802,304.00			

Pricing Assumptions

The following assumptions have been made in our proposed total cost:

- The estimated level of effort is highly dependent upon the timely availability and quality of data and the data from existing systems and platforms.
- The ability to meet timelines will be based on DHS's ability to provide the necessary data and information as well as access to key stakeholders for the Risk Assessment and Internal Control Review.
- Based on the complexity of this contract, issues may arise that require procedures beyond what was initially anticipated within this scope of work (SOW). If this should occur, we will discuss it with DHS and this SOW will be amended in writing to include such additional work prior to performing any additional work.
- Fraud Risk Indicators, as noted above, will be provided by DHS in the applicable data sets. If data attributes significantly vary a discussion with DHS will be necessary to determine if an additional level of effort is needed to account and analyze the data. If fraud risk indicators outside of the agreed upon items listed above, Deloitte will provide these results to DHS to coordinate on further steps to be taken.
- When documents or data are provided by DHS to Deloitte for integrity monitoring purposes, it will not include PII

- DHS 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 Deloitte for purposes of the performance of the Services. Our performance is dependent upon the timely and effective satisfaction of DHS's responsibilities and timely decisions and approvals of DHS in connection with the Services. We shall be entitled to rely on all decisions and approvals by DHS. DHS will promptly notify Deloitte of any issues, concerns or disputes with respect to the Services.
- DHS will be responsible for all decisions related to any actions taken by DHS and/or for any procedures implemented by DHS 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 DHS 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.
- The initial assessment and the subsequent tasks are dependent upon the timeline in which the Deloitte team receives program data in a readable and useable format.
- Deloitte will not make any management decisions, perform any management functions, or assume any management responsibilities.
- Our services will be performed in accordance with the Standards for Consulting Services of the AICPA and will not constitute an engagement to provide audit or attestation services as described in the professional standards issued by the AICPA. Accordingly, Deloitte will not provide any confirmation concerning the reliability of any assertion that is the responsibility of another party. The services will not result in the issuance of any written or oral communication by Deloitte expressing a conclusion or any form of confirmation with respect to financial data or internal controls.
- Deloitte will not provide any legal advice regarding our services, nor will Deloitte provide any confirmation regarding the outcome of any future audit or regulatory examination or other regulatory action; the responsibility for legal issues with respect to these matters, such as reviewing deliverables and work product for any legal implications to DHS will belong to DHS.
- Deloitte is not responsible for the sufficiency of the procedures or for responding to the DHS obligations to regulators and other stakeholders. In addition, DHS remains responsible for its reporting and similar obligations.
- DHS will be responsible for securing the cooperation of other contractors supporting the Programs commensurate with the project schedule. Deloitte will not be responsible for delays attributable to securing the cooperation of such parties.
- While Deloitte will advise the Department on matters related to potential fraud, we cannot assure the Department that all instances of fraud will be detected. DHS shall be responsible for its own fraud detection and prevention measures as well as its other internal controls.
- While Deloitte will provide summary of findings based on analytical outputs and FWAE experience, DHS will ultimately be responsible for all decisions related to any actions taken by DHS and/or for any procedures implemented by DHS based upon any associated deliverables provided by Deloitte.
- DHS will provide unrestricted access to all relevant data sets in electronic format to enable analytics assessments.
- Deloitte will utilize data made available by DHS for analytic purposes, as well as planned third-party data sources. Should there be additional opportunities to access additional relevant third-party data, Deloitte will work with the State to determine the appropriate means and cost of integrating that data into our approach. Depending on need and volume of cases, additional funding may be required to adequately account for all required third party data costs. DHS is responsible for providing data free of PII, any data received by Deloitte containing PII will be reported to appropriate point of contact and request that the data be resubmitted.
- Estimated fees above include a review of the Programs, documentation retention policies and procedures, fraud prevention/detection and data analytics, and fraud awareness instruction.
- Travel will be limited during this engagement. As such, DHS shall provide secure remote access to Deloitte professionals to enable access to Department Information Resources required for the scope of work. Deloitte professionals will not access DHS's network using unauthorized devices.
- 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.
- Where the specific performance milestones, timelines, standards, and deliverables due dates included in Section II.C of the Engagement Query says days with no modifier, we have assumed that it is calendar days.

Conflicts of Interest

At this time, Deloitte and its subconsultants have no known conflicts with the State of New Jersey, or DHS.

Deloitte and DHS 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, our team will use our conflict checking procedure to help ascertain if a potential or actual conflict of interest may exist throughout the engagement. If we believe that a potential or actual conflict exists, we will consult with the DHS team on the measures we will take to mitigate or avoid the situation. We will require subcontractors to participate in this process as well.

Current Existing Engagements

At this time, Deloitte has two active engagements with the below Agencies under G4018:

- Department of Community Affairs
- New Jersey Economic Development Authority



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