

State of New Jersey
NJ Department of Treasury
Division of Administration
Release Purchase Order
G4018 Integrity Oversight Monitoring

P.O. Date: 9/8/2021

Blanket Order Number

21-PROSV-01437:2

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

Agency Ref. #

Vendor Number: V00000006
The North Highland Company

25 Independence Blvd
Suite 302
Warren, NJ 07059

Vendor Alternate ID: 58182349200

Remit Address:
Global Services - Accounts Receivable
The North Highland Company LLC
ATLANTA, GA 30374-4426
US

V
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SHIPPING TO
[REDACTED]
DIVISION OF ADMINISTRATION
PO BOX 211- 50 W. STATE ST, 8TH FL
TRENTON, NJ 086250211
US

BILL TO
[REDACTED]
DIVISION OF ADMINISTRATION
PO BOX 211-50 W. STATE ST, 8TH FL
TRENTON, NJ 08625-0211
US

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]

Account Code: 20-100-2000- -C96-2001-3610- - -COVD
Payment Terms:
Shipping Terms:
Freight Terms:
Delivery Calendar Day(s) A.R.O.: 0
Solicitation (Bid) No.:

Item # 1
Class-Item 918-00

Category 3 Integrity Monitoring/Anti-Fraud, Year 1 - Hourly Partner/Principal/Director Rate

Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost
86.15138	\$ 351.01	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 30,240.00

LN/EY/Account Code
1/22/20-100-2000- -C96-2001-3610- - -COVD
Dollar Amount
\$ 30,240.00

Item # 2
Class-Item 918-00

Category 3 Integrity Monitoring/Anti-Fraud, Year 1 - Hourly Project Manager Rate

Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost
207.14285	\$ 268.80	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 55,680.00

<u>LN/FY/Account Code</u>	<u>Dollar Amount</u>
2/22/20-100-2000- -C96-2001-3610- - -COVD	\$ 55,680.00

Item # 3
Class-Item 918-00

Category 3 Integrity Monitoring/Anti-Fraud, Year 1 - Hourly Supervisory/Senior Consultant Rate

Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost
610.50717	\$ 252.97	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 154,440.00

<u>LN/FY/Account Code</u>	<u>Dollar Amount</u>
3/22/20-100-2000- -C96-2001-3610- - -COVD	\$ 154,440.00

Item # 4
Class-Item 918-00

Category 3 Integrity Monitoring/Anti-Fraud, Year 1 - Hourly Consultant Rate

Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost
361.40298	\$ 202.71	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 73,260.00

<u>LN/FY/Account Code</u>	<u>Dollar Amount</u>
4/22/20-100-2000- -C96-2001-3610- - -COVD	\$ 73,260.00

Item # 5
Class-Item 918-00

Category 3 Integrity Monitoring/Anti-Fraud, Year 1 - Hourly Subject Matter Expert Rate

Quantity	Unit Price	UOM	Discount %	Total Discount	Tax Rate	Tax Amount	Freight	Total Cost
62.91669	\$ 308.98	HOUR	0.00 %	\$ 0.00		\$ 0.00	\$ 0.00	\$ 19,440.00

<u>LN/FY/Account Code</u>	<u>Dollar Amount</u>
5/22/20-100-2000- -C96-2001-3610- - -COVD	\$ 19,440.00

TAX: \$ 0.00
FREIGHT: \$ 0.00
TOTAL: \$ 333,060.00

APPROVED

By:

Phone#:



BUYER

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

OPERATIONS MANAGER SEP 22 2021

Letter of Engagement

September 7, 2021

Successful Bidder:

On behalf of the Department of Children and Families, the State of New Jersey, Department of the Treasury hereby issues this Letter of Engagement to North Highland, pursuant to the Engagement Query issued on July 27, 2021 and North Highland's proposal dated August 18, 2021.

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

The total cost of this Engagement shall not exceed \$354,000.00.

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

New Jersey Department of Children and Families
Category 3 services as per 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 nation-wide emergency declaration under Section 501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5121-5207, (“Stafford Act”) and that declaration was extended to the State of New Jersey on March 25, 2020 pursuant to Section 401 of the Stafford Act. Since then, Congress has enacted legislation to stimulate economic recovery and assist State, Local and Tribal governments navigate the impact of the COVID-19 outbreak and cover necessary expenditures related to the public health emergency.

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

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

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

This Engagement Query is issued by the Department of the Treasury on behalf of The New Jersey Department of Children and Families.

The purpose of this Engagement Query is to elicit proposals for **services as per Section 3.1.1.3 of the IOM RFQ.**

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

A. Background

The New Jersey Department of Children and Families (NJ DCF) is the state's first Cabinet-level agency devoted exclusively to serving and supporting at-risk children and families. It is made up of about 6,600 staff who are focused on and committed to assisting and empowering residents to be safe, healthy and connected. In response to the COVID -19 emergency declaration on March 9, 2020, NJ DCF developed seven (7) programs to alleviate the impact on our youth and the agencies servicing our children and families. Currently these programs exceed \$20,000,000 and therefore NJ DCF seeks the assistance of an Integrity Monitor to review the controls and guidance in place to ensure integrity and accountability in accordance with the Cares Act.

II. SCOPE OF WORK (SOW) REQUIREMENTS

A. Project Description

The Roles and Responsibilities of the Integrity Monitor for DCF shall be as follows for each program and subgrants of each program:

Category 3: Integrity Monitoring / Anti-Fraud
• Forensic accounting and other specialty accounting services.
• Review of risk assessments and loss prevention strategies.
• Performance and program monitoring and promotion of best practices.
• Prevention, detection and investigation of fraud and misconduct
• Review of appropriate compliance systems and controls, as required by federal and state guidelines, regulations and law
• Review of data management systems/programs for the purpose of collecting, conducting and reporting required compliance and anti-fraud analytics.

- Ability to provide integrity monitoring services for professional specialties such as engineering and structural integrity services, etc. either directly or through a subcontractor relationship

Generally, the role of Integrity Monitors is to ensure that Recovery Program Participants are performing according to the sub-award agreement and applicable federal and State regulations and guidelines with the intent to safeguard COVID-19 Recovery Funds through the following tasks:

- Evaluate internal controls associated with the Recovery Program Participant's financial management.
- Validate compliance with sub-grant award and general terms and special conditions.
- Conduct interviews of Recovery Program Participant staff 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.

Attached as Attachment 3 is the description of the programs under review.

B. Specific Performance Milestones/Timelines/Standards/Deliverables

All deliverables must be completed by November 30, 2021.

The IOM shall have a weekly telephone conference with the State Contract Manager and provide a written summary of any actions taken or information needed three (3) business days in advance of each call.

C. Risk Assessment Summary

See attached Risk Assessment **Attachment 4**.

D. Reporting Requirements

1. Quarterly Integrity Monitor Reports

- a. Pursuant to E.O. 166, the Integrity Monitor shall submit a draft quarterly report to the Using Agency on the last day of every calendar quarter detailing the specific services rendered during the quarter and any findings of waste, fraud, or abuse using the Quarterly Report template attached hereto. If the Integrity Monitor report contains findings of waste, fraud or abuse, the Using Agency has an opportunity to respond within 15 days after receipt.
- b. Fifteen business days after each quarter-end, the Integrity Monitor shall deliver its final quarterly report, including any comments from the Using Agency, to the State Treasurer, who shall share the reports with the GDRO, the Senate President, the Speaker of the General Assembly, the Attorney General, and the State Comptroller. 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 IOM Guidelines, OSC may request that the Integrity Monitor issue additional reports or prepare memoranda that will assist OSC in evaluating whether there is waste, fraud, or abuse in COVID-19 Recovery Programs administered by the Using Agencies. OSC may also request that the Integrity Monitor share any corrective action plan(s) prepared by the Using Agencies to evaluate whether those corrective plan(s) have been successfully implemented.

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

- a. The Integrity Monitor shall report issues of waste, fraud, abuse and misuse of COVID-19 Recovery Funds immediately to the GDRO, OSC, the State Treasurer, the State Contract Manager, and the Accountability Officer. The Integrity Monitor shall report issues of potential criminal conduct immediately to the Office of the Attorney General.

III. Proposal Content:

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

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

IV. Submission of Proposals:

Detailed proposals in response to this Engagement Query shall be submitted electronically by 3:00 p.m. on August 18, 2021. Proposals must be submitted via email as set forth below:

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

With a copy to the Agency Contract Manager:
Catherine Schafer, Director, Grants, Integrity and Accountability
NJ Department of Children and Families
[REDACTED]

V. Duration of the Engagement:

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

VI. CONTRACT TERMINATION

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

VII. LIQUIDATED DAMAGES

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

Failure to deliver a draft quarterly report to the Using Agency on the last calendar day of every calendar quarter shall carry liquidated damages of \$500/day.

Failure to deliver a final quarterly report, including any comments from the Using Agency, to the State Treasurer within fifteen (15) calendar days of the quarter-end shall carry liquidated damages of \$500/day.

VIII. Questions regarding this Engagement Query:

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

IX. Selection Process

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

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

ATTACHMENTS

Attachment 1: Integrity Oversight Monitor Guidelines, updated as of June, 2021

Attachment 2: Quarterly Report Template

Attachment 3: Description of each program that will be subject of review

Attachment 4: Risk Assessment

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

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

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

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

AUGUST 18, 2021

NORTH HIGHLAND

NEW JERSEY DEPARTMENT OF CHILDREN AND FAMILIES (DCF)

Integrity Monitor Engagement Query

**New Jersey Department of Children and Families
Category 3 services as per the IOM RFQ**

**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**

Submitted To:

**Mona Cartwright, Fiscal Manager
Department of the Treasury**

**██████████, Director of
Grants, Integrity and Accountability
Department of Children and Families**

Submitted By:

**North Highland
25 Independence Blvd
Suite 302
Warren, NJ 07059
www.northhighland.com**

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SECTION 1: SCOPE OF SERVICES

Engagement Query Reference:

III.1) A detailed proposal describing how the Integrity Monitor intends to accomplish each component of the Scope of Work

With the execution of E.O. 166 that establishes the COVID-19 Compliance and Oversight Taskforce (Taskforce) and the Governor's Disaster Recovery Office (GRDO), each State Agency that is responsible for managing more than \$20 million in Recovery funds shall ensure that those Recovery Program Participants, of which the New Jersey Department of Children and Families (NJDCF) is one, has performed according to "the sub-award agreement and applicable federal and State regulations and guidelines" (NJDCF, 2021). Pursuant to E.O. 166, the New Jersey Department of the Treasury has established a pool of qualified Integrity Monitors to oversee COVID-19 Recovery Funds and Programs (NJDCF, 2021).

At North Highland, we understand and embrace accountability and transparency as a part of our core values. We believe that through our strategic partnership with Thomas Howell Ferguson P.A. CPAs (THF), we can provide a superior level of service to NJDCF. THF brings a proven track record of monitoring work for multiple public assistance programs. Their CPAs, financial analyst and forensic accounting experts are a complement to the North Highland project leadership and public assistance monitoring expertise.

Our approach enumerated in this Section embraces effectiveness and efficiency. COVID-19 has shifted the way the world operates. North Highland has evolved our remote service delivery model during these unprecedented times while focusing on client centricity and responsiveness. As the world begins to re-open, we have found ways to meet with you (our clients) in your space to bring you our renowned standard of customer service. We believe our work always begins with listening to establish the appropriate level of monitoring and forensic accounting required to ensure compliance and mitigate risk.

Integrity Monitoring for Recovery Programs

Beginning on March 9, 2020, NJDCF developed seven programs intended to alleviate the impact on the state's youth and the agencies that serve the state's children and families. As of the posting of this Engagement Query, NJDCF's programs exceed \$20 million in total funding. As such, NJDCF is seeking the assistance of an "Integrity Monitor to review the controls and guidance in place to ensure integrity and accountability in accordance with the Cares Act" (NJDCF, 2021).

North Highland Approach to Integrity Monitoring

The following tasks have been identified as responsibilities for the engaged Integrity Monitor. North Highland and our partner, THF will take the following actions to meet the terms of the Scope of Work. We believe in communication and intelligence gathering that forms the foundation for an informed delivery. Every engagement that we enter begins with an opportunity to listen and learn. We will work with NJDCF to quickly and efficiently understand the parts of each of the seven programs.

Perform an Initial Entrance Conference

The North Highland Team understands the specific level of effort required for this engagement will be discussed and confirmed with NJDCF during the project kick-off. We plan to dedicate the first week of

the engagement to collaborating with NJDCF on the detailed work plan for the engagement and confirming the content and structure of the investigation templates and deliverable products. Our Project Director and our Project Manager, with support from our Subject Matter Experts will lead the entrance conference sessions with the Accountability Officer and other relevant NJDCF leadership. Our goal is to promote an open exchange of ideas, clarifying questions, and constructive feedback that will continue throughout the engagement.

Engage Desktop and Onsite Monitoring and Oversight Activities

As the first and major component of this Engagement Query, the North Highland team verifies that each of the seven programs identified by NJDCF will have their funded activities monitored during the engagement period. We expect the monitoring of each program to be primarily driven by desk monitoring and welcome the opportunity to get onsite and work with our partner programs to validate that we are not only measuring compliance, accountability, and transparency but also building capacity for the future. Should NJDCF or our review determine a need for any onsite presence, we work with the Department's contract manager to determine the specific location to conduct the onsite visit. The monitoring will consist of four phases, as follows:

1. **Planning:** Building knowledge, establishing the scope and timeline of the review, and pre-staging the file for fieldwork.
2. **Review:** Executing the monitoring review where testing and walkthroughs shall be performed.
3. **Reporting:** Summarizing the results of the review in a monitoring report.
4. **Report Responses:** Concluding the review by verifying that the monitored entity took sufficient corrective actions to resolve deficiencies identified in the report.

NJDCF has identified a series of tasks and/or deliverables for an Integrity Monitor to engage in within the Engagement Query. What follows is a short description of how we envision accomplishing each of the specified tasks.

Provide Forensic Accounting and Other Specialty Accounting Services

With our partners, we bring qualified financial managers with proven capabilities to the team to verify that all Generally Accepted Accounting Principles (GAAP) are adhered to by each program as well as those standards found within Auditing Standard No. 1200 of the Public Company Accounting Oversight Board (PCAOB). Where we find inaccuracies, we note them, provide notes for correction, and report them to the State Contract Manager.

Review Risk Assessments and Loss Prevention Strategies

In addition to monitoring the seven identified programs, the team works with the NJDCF's Accountability Officer to review and update the 2021 NJDOH Risk Assessment of the seven (7) programs. The results of the program monitoring are incorporated into the risk assessment to inform the evaluation related to the amount of funds being disbursed to a particular category of sub-recipient and the complexity of its projects, in addition to the overall adequacy of policies, procedures, and systems, as well as existing internal controls.

One of our team's objectives during the entrance conference with NJDCF is to review and confirm the risk assessment template (Attachment 4 to the engagement query) to reflect federal guidance specific to the funds awarded to each program. This review of the risk assessment template includes

recognizing the eligibility nuances that differentiate CRF funds from non-CRF funds. We also confirm during the entrance conference the appropriate document collection points of contact and protocols to efficiently collect information electronically from multiple sources while complying with data security requirements

Review Compliance Systems and Internal Controls & Review Current Data Management Systems and Programs to Conduct Required Compliance and Anti-Fraud Analytics

Federal grant dollars are subject to the rules and guidelines found within 2 CFR Part 200 Subpart D. During our Entrance Conference, we ask to be provided with any documentation currently being used to govern the implementation of grant dollars for the seven programs. We then review this documentation to understand what compliance systems are being used and what internal controls have been established.

The same approach is taken to review the current data management system employed to manage these grants on the back end. We employ best practices to verify that privacy is being protected and that the data is secured in accordance with the security protocols and standards identified in the Integrity Monitor backdrop contract. Our approach includes verifying that the data management system functions in alignment with best practices in federal grant management.

Performance and Program Monitoring and Promotion of Best Practices

Once we have conducted our review of the compliance systems, internal controls, and data management systems, we provide feedback on any improvements that could be implemented to enhance the performance of each of the seven programs. Our team suggests improving best practices within each of the seven programs, specifically addressing the areas of transparency, fraud avoidance, and federal compliance.

Conduct Interviews and Evaluate the Effectiveness and Efficiency of Recovery Program Delivery

As a portion of our performance and program monitoring, we conduct interviews with program participants to gauge the program's effectiveness. Out of these interviews will come an action plan that includes documenting the program's current state as it is reported to us. Each of the seven programs may see similar outcome statements within their action plans, but there likely will be some differences. Common action plan items include:

- Developing job aids such as FAQs, checklists, or quick guide documents
- Developing milestones or benchmarks
- Identifying any technical requirements or other requirements necessary for full compliance

Conduct Prevention, Detection, and Investigation of Fraud and Misconduct

Our team establishes a consistent spot-check approach through the seven programs. We understand that fraud and misconduct issues require the utmost sensitivity and verify our actions meet the highest levels of discretion. Through our established spot-check approach, we can identify any potential issues of fraud or misconduct. Should we suspect that fraud or misconduct is occurring, we will take the following actions:

1. We assess the established controls and how they might have been abridged.
2. We collect data through discreet interviews while gathering electronic data for analysis.
3. We then analyze the information collected through the interview process and data analysis compared to the established policies and procedures that form the existing set of controls.
4. Should we determine that an act of fraud or misconduct has occurred, we immediately report the matter up the chain. If the act of fraud or misconduct is of a serious enough nature that it warrants potential criminal activity, we immediately report that act to the Office of the Attorney General.

Validate compliance with the sub-grant award and general terms and special conditions

One consistent truth is that every federal funding opportunity comes with its own set of terms and conditions that must be adhered to. Our team verifies compliance with the terms found within the sub-grant, 2 CFR 200 Subpart D, and general terms and conditions of the New Jersey Department of the Treasury.

Sampling Eligibility Determinations

Our team plans to use a random sample of 25% of the population for the initial review. Larger samples may be necessary for follow-up reviews depending on the initial findings. In rare cases, findings may require an additional onsite visit to resolve any of the following:

- Non-compliance with reporting requirements
- Problems identified in reports
- History of unsatisfactory performance
- Unresponsiveness to requests for information
- High-Risk designation
- Follow-up on prior audits or monitoring findings
- Allegations of misuse of funds or receipt of complaints

Review Document Retention Policy & Conduct Document Reviews

During our Entrance Conference, we ask for any policy connected with document retention. Should there have been a specific policy established for these seven programs, we also ask for that policy. Our team reviews these policies, identifying any potential opportunities for enhancement, and provide the appropriate feedback. Where applicable, we endeavor to apply the standards of ISO 9001:2015. After we review the document retention policy, our team begins reviewing current documents.

Funding Decisions in Emergency Situations

We are available to provide a rapid review and recommendation to NJDCF should there arise a situation where an emergency requires immediate funding that might abridge a standard review

process. During our Entrance Conference, we understand how many of these situations might have occurred before our engagement. We work to establish and document the criteria for emergency funding. With this information in hand, we make it an early priority to develop an Emergency Funding Recommendation Checklist that the Agency Contract Manager reviews for implementation should the criteria for an emergency be met.

Provide Specialized Integrity Monitoring for Engineering, Structural Integrity Services, etc.

During the open question period, we asked whether we would need any engineering, structural integrity service, or other services of the kind. Per the answers from the Procuring Agent, the funding is not used for facility modifications or in any other capacity to need an engineering and/or structural Integrity Monitor for this engagement.

Risk Assessment

In addition to monitoring the seven identified programs, our team works with the NJDCF's Accountability Officer to review and update the 2021 NJDCF Risk Assessment of the seven (7) programs, if required based on the review. The results of the program monitoring are incorporated into the risk assessment to inform the evaluation related to the amount of funds being disbursed to a particular category of sub-recipient and the complexity of its projects, in addition to the overall adequacy of policies, procedures, and systems, as well as existing internal controls.

One of our team's objectives during the entrance conference with NJDCF is to review and confirm the risk assessment that has been completed (Attachment 4 to the Engagement Query) to reflect federal guidance specific to the funds awarded to each program. This process includes recognizing the eligibility nuances that differentiate CRF funds from non-CRF funds. During the entrance conference, we also confirm the appropriate document collection points of contact and protocols to efficiently collect information electronically from multiple sources while complying with data security requirements.

At a minimum, the monitored programs will be asked to provide:

- All plans, policies, procedures, contractual documents, training materials, and other guidance related to compliance with the specific source of federal funds, including:
 - Procurement
 - Internal Control
 - Fraud Waste and Abuse
 - Financial Management
 - Implementation Plan
 - Personnel
 - Grant Management
- Organizational charts, including job descriptions, roles, and responsibilities.
- Resumes for executives.

- Documentation of prior monitoring, audits, and findings, if applicable

In addition to the listed documents, relevant stakeholders are asked to complete a risk questionnaire to self-identify strengths and weaknesses relative to grant compliance. We work with NJDCF to draft the risk questionnaire before issuing it to the stakeholders.

As we collect the relevant documentation and stakeholder input throughout the engagement, the team analyzes the information received to evaluate gaps and risk areas. Our consultants use a checklist of review questions to identify potential risks for further stakeholder engagement and eventual scoring. Any question resulting in a negative response or one that cannot be answered based on the information collected is flagged for follow-up in the engagement phase and may potentially be included in the final risk matrix.

After completing the review checklist, the team performs walkthroughs to corroborate our understanding of the key policies, procedures, and controls identified in the Risk Assessment. Walkthroughs are accomplished through interviews of key stakeholders and process owners and supplemented through control observation and review of policies, procedures, and other documents reviews. These direct interviews are essential to clarify gaps and ambiguity in the initial document analysis and follow up on initial observations of risks. We use this aspect of the risk assessment, which will overlap with the onsite monitoring of each selected program – to develop a thorough understanding of each program being evaluated. We can effectively assess both the likelihood and impact of each confirmed risk area.

The culmination of the risk assessment process is an overall risk score and report identifying the areas that require mitigation and monitoring. The risk report will use the provided risk assessment template, incorporating any agreed-upon adjustments from the entrance conference. We will assign a risk level of Low, Medium, or High to all identified risks. Mitigation strategies will be developed and discussed with NJDCF, as appropriate, for all risks assigned a risk level of High.

Our team uses a quantitative scoring process where risks are evaluated from 1 to 10 on their potential impact and likelihood. The product of the impact and likelihood scores determines the overall risk level. Scores under 25 are assigned a low risk level; scores between 25 and 50 are assigned a medium risk level; all scores 50 and above are determined to be high risk.

The scoring of risk areas and report preparation will be completed in the final weeks of the engagement and delivered at the conclusion of the assignment on December 31, 2021.

Reporting

At North Highland, we value communication and accountability. We understand that transparency is a critical tool in sustaining the public's trust. Therefore, as a part of our engagement, we verify that all reporting deadlines are met per the guidelines found within the Query. During the Entrance Conference, we verify that all reporting requirements are fully detailed to provide the right product from the outset.

Quarterly Integrity Monitor Reports

We submit a draft quarterly report to NJDCF on the last day of every quarter. Per the engagement, our first draft quarterly report would be due to NJDCF on August 31, 2021, and we provide a second and final draft quarterly report on December 31, 2021. Quarterly reports use the prescribed template and detail the specific services provided by the North Highland Team along with any findings of fraud, waste, or abuse using the provided template. We understand that should our report result in any

findings, NJDCF has 15 days to respond after receiving our report. Furthermore, per the Engagement Query, we agree to provide a final quarterly report to NJDCF no later than 15 business days from the end of the prior quarter.

Additional Reports and Memoranda

The North Highland team stands ready to provide any additional reports that the Office of the State Comptroller (OSC) may request. Should OSC request it, we provide copies of our corrective action plan(s) prepared with NJDCF for OSC's evaluation of the plan's effectiveness.

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

At North Highland, we value integrity. We understand that the Integrity Monitor's charge is to report any issues of fraud, waste, abuse immediately, and misuse of COVID-19 Recovery Funds to the GDRO, OSC, the State Treasurer, the State Contract Manager, and the Accountability Officer. Should any criminal conduct be suspected, we shall immediately make an appropriate report to the Office of the Attorney General.

Project Team

We are proposing a team with the requisite skills to deliver the scope of work outlined in the Engagement Query, including experience with:

- CRF/Non-CRF regulations
- Program design
- Management of multiple stakeholders
- Data analysis
- Monitoring

Based on the scope of work and magnitude of the proposed program, we propose a core, full-time team of three (3) consultants with part-time oversight by our Project Director and as-needed advisory support by our CRF subject matter expert.

Thomas Howell Ferguson P.A. CPAs (THF) has created a culture that focuses on providing the expertise and resources of a national firm with the client service of a local firm. This has helped them more than quadruple in size since 1993. Their governmental practice is one of their largest service groups, making up over 35% of their firm's annual revenue. THF has been recognized as one of the 2020 Best of the Best Accounting Firms, and the 2020 Fastest Growing Firm in the Nation by Inside Public Accounting. THF was also recognized as a 2020 Top 25 Ranked Florida Accounting Firm by the Tampa Bay Business Journal. In addition, they were recently named One of America's Top Recommended Tax and Accounting Firms by Forbes Magazine for their 2020 list. Their success is a direct reflection of the quality of their team and the clients they serve.

THF believes that being nimble is important and is a differentiating factor for the team. By building on their experience and being able to shift quickly with no waiting period from a corporate legal department, they have been able to support multiple CARES programs. One example of their ability to quickly scale up and execute is their recent work in Sarasota County with the CARES Act funding.

With a team of 25 people, they operated in the Emergency Operations Center from September 2020, until the end of February 2021, performing monitoring and oversight work.

Team members proposed include the following:

Name	Category/Role	Experience
Greg Martin	Project Lead/ Partner/Principal/Director	Greg has over 36 years consulting experience. Assisted in establishing the Florida CARES program oversight and monitoring for the spend of 27 agencies and 55 counties.
Jason Pettus, CRCM, GAQM, EMAP, FCCM, CFM	Project Manager	Jason has over 15 years' experience in working with response to public assistance programs. Recently assisted the multiple jurisdictions with response to CARES funding spend.
Brian Peacock, CPA	Subject Matter Expert	Brian has over 25 years' experience in working with public sector agencies, providing consulting and accounting services. He assisted in the establishment of the Florida CARES program to provide guidance and monitoring for spend associated with the program for 27 agencies and 55 counties.
Julian Dozier, CPA, ABV, CFF, CFE	Subject Matter Expert	Since 2006, Julian has been providing assurance, consulting, and other accounting services. Significant engagements include forensic and financial statement audits, litigation support, accounting assistance, and consulting services. Knowledgeable in many areas of fraud prevention and detection. Obtained the Certified Fraud Examiner (CFE) designation. Certified in Financial Forensics (CFF). Accredited in Business Valuations (ABV).
Toree Ennis, FCCM	Supervisory/Senior Consultant	Since 2016, Toree has been providing accounting, grant management, and consulting services. Since 2020, Toree has been providing accounting services disaster recovery and emergency management programs.
Kyle Harmer, FCCM	Supervisory/Senior Consultant	Kyle has supported multiple public assistance programs including seeking maximum reimbursement awards from the Federal Emergency Management Agency (FEMA) on Hurricanes Irma, Matthew, and Michael related

		<p>large projects; tracking financial totals and subgrantee documentation for grant management workflow purposes; coordinating with Government Authorized Representatives (GARs) to monitor disaster recovery efforts; and verifying and validating Categories A-G damage expenses for subrecipient review in accordance with FEMA regulations and federal and state law.</p>
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SECTION 2: DETAILED BUDGET

Engagement Query Reference:

III.2) A detailed budget identifying staff classifications and hourly rates, which shall not exceed the rates in the Integrity Monitor's BAFO Price Schedule.

To demonstrate our commitment to this program and the importance of validating the use of Federal Funds for health service delivery, we have elected to offer a discount off our contract rates that **result in a total price discount of over 18% on the total price.**

The table below presents the estimated hours by labor category to complete the tasks requested in the engagement query.

Category/Role	Total Project Hours	Contract Rate	Non-Discounted Price	Discounted Rate	Total Discounted Price
Partner/Principal/Director	136	\$351.01	\$42,121.20	\$270.00	\$32,400.00
Project Manager	272	\$268.80	\$64,512.00	\$240.00	\$57,600.00
Supervisory/Senior Consultant	920	\$252.97	\$212,494.80	\$195.00	\$168,000.00
Consultant	520	\$202.71	\$94,057.44	\$165.00	\$76,560.00
Subject Matter Expert	72	\$308.98	\$22,246.56	\$270.00	\$19,440.00
Total	2944		\$435,432.00		\$354,000.00
Total Not to Exceed					\$354,000.00

We will incorporate the following assumptions in our budget:

1. The above staffing, hours estimate, and discounted rates were derived from careful consideration of the tasks identified in the Engagement Query and our team's experience in delivering similar services. We look forward to discussing the assumptions and adjusting our estimates as needed.
2. The engagement will begin on August 23, 2021. Delays to the start date may require revisions to the staffing plan and thus the overall budget.
3. The engagement will complete by December 31, 2021. Delays in collecting the required data, interviews, or scheduling fieldwork may require revisions to the staffing plan and thus the overall budget.

The proposed discount applies only to labor rates for this engagement. Pass-through expenses will be invoiced in accordance with GSA rules.

SECTION 3: SCHEDULE OF DELIVERABLES

Engagement Query Reference:

III.3) A timeline for submission of the deliverables required by this Engagement Query.

The following table summarizes the deliverables required by the Engagement Query and our proposed timeline for their delivery.

We have assumed an engagement start date of August 23, 2021. In the event the start date is delayed beyond this, the proposed dates may need to be adjusted.

Ref	Deliverable	EQ Milestone Date	Proposed Date
1	2021 NJDOH Risk Assessment (Update as necessary)	No later than 11/30/21	11/19/21
2	Report of Weekly Activities		Weekly
3	Draft Quarterly Integrity Monitor Report	Last Day of the Quarter	9/30/21
4	Final Quarterly Integrity Monitor Report	15 business days after Quarter	10/15/21
5	Draft Quarterly Integrity Monitor Report	Last Day of Quarter	11/15/21 (requested completion)
6	Final Quarterly Integrity Monitor Report	15 business days after Quarter	11/30/21 (requested completion)
7	Memorandum of Waste, Fraud and Abuse		11/30/21 (if required)

SECTION 4: IDENTIFICATION OF POTENTIAL CONFLICTS

Engagement Query Reference:

III.4) Identification of any potential conflicts of interest regarding the delivery of services for the scope of work under this Engagement Query.

North Highland, nor our subcontractor Thomas Howell Ferguson, PA, CPA, has no known conflict of interest regarding the requested services identified in the scope of work in the Engagement Query.

NJDCF is currently engaging North Highland to provide consulting services under the T-2599 Project Management/Quality Assurance contract for the development of NJDCF's information management strategic plan, IT governance, and IT project management framework. However, as stated, this does not create a conflict of interest.