

Letter of Engagement

December 14, 2020

Successful Bidder: K2 Intelligence

On behalf of the Department of Agriculture, this is notice of the intent to award this IM engagement.

The bid will be awarded to K2 Intelligence whose proposal is most advantageous to the State, price and other factors considered.

The total amount of this contract must not exceed the amount of \$98,255.00

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

Thank you for your participation in this bid.

Sincerely,

Mona Cartwright  
IM State Contract Manager

## **ENGAGEMENT QUERY**

**REVISED 12/7/20**

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

### **DEPARTMENT OF AGRICULTURE**

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

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

On July 17, 2020, Governor Murphy signed Executive Order 166 (“EO 166”), which established the COVID-19 Compliance and Oversight Task Force (the “Taskforce”) and the Governor’s Disaster Recovery Office (GDRO). Pursuant to EO 166, the Taskforce has issued guidelines (“IOM Guidelines”) regarding the appointment and responsibilities of COVID-19 Integrity Oversight Monitors (“Integrity Monitors”). Integrity Monitors are intended to serve as an important part of the State’s accountability infrastructure while working with Using Agencies in developing measures to prevent, detect, and remediate inefficiency and malfeasance in the expenditure of COVID-19 Recovery Funds.

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

This Engagement Query is issued by the Department of the Treasury on behalf of **NEW JERSEY DEPARTMENT OF AGRICULTURE (“NJDA”)**. The purpose of this Engagement Query is to employ an Integrity Monitor to review the use of COVID-19 Recovery Funds in two NJDA programs. **\$25 million** was allocated under a program to assist six (6) Emergency Feeding Operations that fight food insecurity, and approximately \$225 million was allocated to provide funding for a meals program that supplies school lunch/breakfast and other child and adult care food initiatives.

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

#### **A. Background**

1. The NJDA, Division of Food & Nutrition (“FNS”) received \$224,945,025 from USDA specifically for Covid-19 related meals. These funds were used to pay National School Lunch/Breakfast, Special Milk, Child and Adult Care Food and Summer Food Service Program claims for reimbursement, for March 2020 through September 2020 claims.
2. The NJDA, FNS received \$25,000,000 in NJ CARES Act funds through an MOU executed between the NJ Department of the Treasury and the NJDA. 100% of these funds were allocated to NJDA sub-recipient Emergency Feeding Organizations (EFOs) to address the gaps of food sourcing and fight food insecurity in NJ by responding to the consequences of the COVID-19 public health emergency. These funds reimbursed the EFOs for their COVID-19 related allowable costs incurred from 3/1/2020 thru 12/1/2020.

## **II. SCOPE OF WORK (SOW) REQUIREMENTS**

#### **A. Project Description**

The Integrity Monitor will review the NJDA’s use of CARES Act funding for the two programs described in Paragraph I A “Background” (above) to ensure compliance with all necessary spending and reporting requirements. Both programs pre-existed the CARES Act so the NJDA has existing controls in place for monitoring the use of funds being supplied to various meal programs and EFOs.

1. National School Lunch/Breakfast, Special Milk, Child and Adult Care Food, and Summer Food Service Programs: These various programs have received \$224,945,025 in CARES Act funding. NJDA has used the funding to reimburse thousands of schools’ meals programs as they were impacted by the COVID-19 pandemic. These meals

programs were in place prior to the COVID-19 pandemic. Sponsors who participate in these programs are reimbursed for meals provided to eligible students through the School Nutrition Electronic Application and Reimbursement System (“SNEARS”). The funds to be monitored were dispersed through this pre-existing framework. The Integrity Monitor shall ensure that NJDA reimbursed fund recipients for proper expenditures by reviewing any records and internal agency controls deemed necessary to conduct a substantive review.

The following list demonstrates the scope and variety of meals programs that received funding. This is an estimate of the total number subrecipients in the month of July:

NSLP – 642 sponsors/1686 sites  
SFSP – 50 sponsors/188 sites  
Child – 293 sponsors/518 sites  
Adult – 120 sponsors/174 sites  
Family – 10 sponsors/253 sites

The IM will review meal reimbursement records in the NJDA SNEARS (examples attached). The IM will review SNEARS records, which are typically one or two pages per sponsor per month, for a sample group chosen from the total number of sponsors described above. NJDA personnel will provide the IM with information explaining proper reimbursement rates and any other information necessary to conduct a thorough review.

2. Emergency Feeding Organizations (“EFO”): The NJDA has distributed \$25 million in CARES Act Funding to Six separate EFOs by reimbursing them for expenditures made to fight food insecurity during the COVID-19 pandemic. The Integrity Monitor shall ensure that NJDA reimbursed fund recipients for proper expenditures by reviewing any records and internal agency controls deemed necessary to conduct a substantive review.

Specifically, NJDA maintains tracking reports (example attached) for each EFO. The Integrity Monitor will review a sample size of 2 out of the 6 total EFOs by reviewing their tracking reports and then reviewing their receipts (approximately 300 receipts for each EFO) to ensure proper expenditures have been made. This may require travel to the EFO’s physical locations if records/receipts cannot be transmitted electronically.

### 3. Monitoring

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

- Evaluating program performance;
- Evaluating internal controls;
- Validating compliance with applicable Memoranda of Understanding regarding use and reporting requirements for CRF Funds;
- Interviewing staff;

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

## **B. Specific Performance Milestones/Timelines/Standards/Deliverables**

All deliverables described in “Liquidated Damages,” below, must be completed by December 30, 2020.

## **C. Reporting Requirements**

### **1. Reports**

- Pursuant to EO 166, the Integrity Monitor shall submit a draft quarterly report to the NJDA on or before December 21, 2020 detailing the specific services rendered during the quarter and any findings of waste, fraud, or abuse. A final quarterly report shall be due on or before December 30, 2020.
- In the event this Engagement is extended beyond the expiration date set forth in IV below, the Integrity Monitor shall submit draft quarterly reports to the Using Agency on the last day of the quarter detailing the specific services rendered during that quarter and any findings of waste, fraud and abuse. Fifteen business days after each quarter-end, the Integrity Monitor shall deliver its final quarterly reports, inclusive of 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 EO 166.

### **2. Additional Reports**

- E.O. 166 directs OSC to oversee the work of Integrity Monitors. Therefore, in accordance with EO 166 and the IOM Guidelines, the Office of the State Comptroller, (OSC) may request that the Integrity Monitor issue 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 with a person/hour and staff classification mix to meet the scope of work describing how the Integrity Monitor intends to accomplish each component of the scope of work.
- 2) A detailed budget to perform the scope of work reflecting the Price Schedule submitted by the Integrity Monitor in response to the IOM RFQ.
- 3) A schedule identifying the deliverables to be submitted under this Engagement Query.
- 4) Identification of any potential conflicts of interest regarding the delivery of services for the scope of work under this Engagement Query.

**IV. Duration of the Engagement:**

The Engagement will commence upon the issuance of a Letter of Engagement and expire on December 30, 2020. At the option of the Recovery Program Participant, this Letter of Engagement may be extended if the use of Coronavirus Relief Funds is extended under the CARES Act. 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,

**V. LIQUIDATED DAMAGES**

The following penalties will be assessed for reports that are not submitted by their respective due dates:

Failure to deliver a quarterly report by 12/30/20	\$170/day	
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After January 1, 2020, failure to deliver subsequent final quarterly reports within 15 days after the Quarter end.	
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**VI. Questions regarding this Engagement Query (OPTIONAL):**

Any questions related to the Scope of Work must be submitted electronically ~~as soon as possible since final reports are due~~ by **3:00 p.m. December 4, 2020**. They must be submitted via email to [Catherine.jackson@ag.nj.gov](mailto:Catherine.jackson@ag.nj.gov) and [David.giallella@ag.nj.gov](mailto:David.giallella@ag.nj.gov) with a copy to the State Contract Manager, [mona.cartwright@treas.nj.gov](mailto:mona.cartwright@treas.nj.gov)

**VII. Submission of Proposals:**

Detailed proposals in response to this Engagement Query shall be submitted electronically ~~as soon as possible because final reports are due~~ by **3:00 p.m. December 11, 2020**. 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 Jackson, [REDACTED];  
David Giallella, [REDACTED]

**VIII. Selection Process**

The Agency Contract Manager, will review the proposal(s) received and select the Integrity Monitor whose proposal is most advantageous, price and other factors considered.

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

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

**ATTACHMENTS**

Attachment 1: Quarterly Report Template

Attachment 2: CARES\_CACFP (example record)

Attachment 3: SNEARS\_Schools (example record)

Attachment 4: Summer Total Meals Claimed (example record)

Attachment 5: Copy of Cares Grant Tracking Report (example record)



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

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

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

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

Integrity Monitor Firm Name: \_\_\_\_\_

Engagement: \_\_\_\_\_

Quarter Ending: \_\_\_\_\_

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

Name of Integrity Monitor:  
Signature:  
Date:

Name of Report Preparer:

PLEASE BE REMINDED it is important to submit reimbursement claims timely. Federal regulations state, "only reimbursement claims submitted to state agencies within 60 days following the end of the claiming month, shall be eligible for reimbursement. If your voucher is received after the 60 day deadline, it is considered late." USDA allows late payments of one month's reimbursement voucher, only once every 36 months.



# CACFP

## CHILD & ADULT CARE FOOD PROGRAM

New Jersey Department of Agriculture Division of Food And Nutrition

Welcome JILL GORMAN

12/1/2020, 3:19:01 PM

Child Nutrition - Child &amp; Adult Care Food Program (CACFP) Release: 5.0.7

### CACFP Child/Adult Care Center Program - Claim Summary



### CACFP Center Claim Data

[Home](#)  
[Rate Maintenance](#)  
[Accounting Codes](#)  
[Payment Approvals](#)  
[Print Reports](#)  
[Administrative Functions](#)  
[Status Maintenance](#)  
[Payment Data](#)  
[Privacy Statement](#)  
[Log Out](#)

Claim Date  More than 60 Days Old.  
 Claim Month   
 Claim Year   
 Meal Service Days   
 Number of Sites  
 Child Care  At Risk  Adult  Homeless   
**Participation Data**  
 Number Free   
 Number reduced-price   
 Number not eligible

<u>Child Care Meal Counts</u>	<u>Free</u>	<u>Reduced</u>	<u>Paid</u>
Number of Breakfast	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Number of AM Snack	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Number of Lunches	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Number of PM Snacks	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Number of Suppers	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Number of Evening Snacks	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>

<u>Adult Care Meal Counts</u>	<u>Free</u>	<u>Reduced</u>	<u>Paid</u>
Number of Breakfast	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Number of AM Snacks	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Number of Lunches	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>

	<input type="text" value="375"/>	<input type="text" value="63"/>	<input type="text" value="105"/>
Number of PM Snacks	<input type="text" value="375"/>	<input type="text" value="63"/>	<input type="text" value="105"/>
Number of Suppers	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Number of Evening Snacks	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>

**At-Risk Meal Counts****At Risk**

Number of Breakfast	<input type="text" value="0"/>
Number of AM Snacks	<input type="text" value="0"/>
Number of Lunches	<input type="text" value="0"/>
Number of PM Snacks	<input type="text" value="0"/>
Number of Suppers	<input type="text" value="0"/>
Number of Evening Snacks	<input type="text" value="0"/>

**Homeless Shelter Meal Counts****Homeless Shelter**

Number of Breakfast	<input type="text" value="0"/>
Number of AM Snacks	<input type="text" value="0"/>
Number of Lunches	<input type="text" value="0"/>
Number of PM Snacks	<input type="text" value="0"/>
Number of Suppers	<input type="text" value="0"/>
Number of Evening Snacks	<input type="text" value="0"/>

**Average Daily Participation**

Child Care  At Risk  Adult  Homeless

Cash in Lieu Total	<input type="text" value="\$133.04"/>
Food Service Total	<input type="text" value="\$1,945.47"/>
Subtotal	<input type="text" value="\$2,078.51"/>

Balance Due	<input type="text" value="\$0.00"/>
Payment Plan Amount	<input type="text" value="\$0.00"/>
Previous Claim Amount	<input type="text" value="\$0.00"/>

Amount Paid

Date Signed

Comments

Certify

Corrective Action Form

Print Claim Summary

Return to Site Claims

Print Disbursement

**For Additional Information:**

**Child Nutrition Programs**

**PO Box 334**

**Trenton, NJ 08625-0334**

**(609) 984-1250 fax: [REDACTED]**

## School Nutrition Programs - Reimbursement Application

[My Account](#)

### Voucher Summary Meals Claimed

Claim For: **OCTOBER - 2020**Sponsor Voucher Status: **Paid**

#### Info

Federal Funds for the After School Snack Program, the National School Lunch Program and the **Federal PB Lunch** come from the SAME source, therefore these amounts may be COMBINED on the check/electronic payment you receive.

The Total Dollar Amount of this Claim represents the value of meals claimed for this month. It does not include any adjustments/overclaims that may need to be recovered from the payment you receive.

**Federal PB Lunch** - Performance based Lunch Reimbursement

### Total Amount for Meals/Milk purchased for the Month

	National School Lunch	School Breakfast		After School Snack		Special Milk
		Regular	Severe Need	Regular	Area Eligible	
Free	0	0	0	0	0	0
Reduced	0	0	0	0		
Paid	0	0	0	0		0
Total	0	0	0	0	0	0
SSO	1643	0	0	0	0	


### Total Dollar Amount of this Claim

Lunch			Breakfast		After School Snack	Special Milk	Total
Federal	Federal PB Lunch	State	Federal	State			
\$ 5799.79	\$ 115.01	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 5914.8

## Summer Reimbursement Application

[My Account](#)

### Total Meals Claimed for August Voucher

	August 2020	Voucher Status: <b>Paid</b>
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#### **i** Instructions

The Total Dollar Amount of this Claim represents the value of meals claimed for this month. It does not include any adjustments/overclaims that may need to be recovered from the payment you receive.

### Total Number of Meals Claimed with Dollar Amounts for August

	Breakfast	Lunch	Total
Total Number Of Meals	2683	2684	5367
Total Dollar Amount - Food	\$ 5795.28	\$ 10091.84	\$ 15887.12
Total Dollar Amount - Admin	\$ 456.11	\$ 879.01	\$ 1335.12

Total Reimbursement: **\$ 17222.24**

[← Back to Sponsor Voucher Summary](#)

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**NJDA CARES GRANT FUNDING - NJ DEPARTMENT OF TREASURY Response to Covid-19 Expenses**

Expense description	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Category Totals
Non-USDA Foods	\$0 00	\$390,017.52	\$421,840.84	\$108,650.56	\$397,425.24	\$317,138.44	\$173,965.04	\$667,698.08	\$0.00	\$2,476,735.72
Purchases - Local Agriculture	\$0 00	\$0.00	\$0.00	\$4,536.00	\$0.00	\$0 00	\$0.00	\$0.00	\$0.00	\$4,536.00
Equipment Purchases	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00
Supplies	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00
Staffing	\$790 25	\$9,602.63	\$5,618.75	\$5,930.50	\$7,960.50	\$3,973 00	\$2,356.25	\$2,073.50	\$0.00	\$38,305.38
Facilities - allocation of funds	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00
Technology - allocation of funds	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00
Purchase Prepared Meals	\$111,120 00	\$222,252.00	\$276,665.00	\$249,925.00	\$57,075.00	\$39,930 00	\$39,680.00	\$51,440.00	\$0.00	\$1,048,087.00
Equipment needs - LDAs	\$0 00	\$0.00	\$151,539.88	\$0.00	\$0.00	\$0 00	\$0.00	\$0.00	\$0.00	\$151,539.88
Food needs - LDAs	\$0 00	\$0.00	\$0.00	\$1,030,000.00	\$0.00	\$0 00	\$0.00	\$0.00	\$0.00	\$1,030,000.00
Programs related directly to children	\$0 00	\$0.00	\$0.00	\$0.00	\$25,000.00	\$0 00	\$0.00	\$0.00	\$0.00	\$25,000.00
Transportation	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00
Administrative Costs	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$108,884.50	\$0.00	\$0 00	\$0.00	\$0.00	\$0.00	\$0.00	\$108,884 50
Total Spent	\$111,910.25	\$621,872.15	\$964,548.97	\$1,399,042.06	\$487,460.74	\$361,041.44	\$216,001.29	\$721,211.58	\$0.00	\$4,883,088.48



NJDA CARES GRANT FUNDING - NJ DEPARTMENT OF TREASURY Response to Covid-19 Expenses														
March 2020 Expenses	Non-USDA Foods	Purchases Local Agriculture	Equipment Purchases	Supplies	Staffing	Facilities - allocation of funds	Technology - allocation of funds	Purchase Prepared Meals	Equipment needs - LDAs	Food needs - LDAs	Programs related directly to children	Transportation & Fuel costs	Administrative Costs	Other Covid related expenses
					\$790.25			\$111 120.00						
Summary of expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$790.25	\$0.00	\$0.00	\$111 120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



NJDA CARES GRANT FUNDING - NJ DEPARTMENT OF TREASURY    Response to Covid-19 Expenses														
May 2020 Expenses	Non-USDA Foods	Purchases Local Agriculture	Equipment Purchases	Supplies	Staffing	Facilities - allocation of funds	Technology - allocation of funds	Purchase Prepared Meals	Equipment needs - LDAs	Food needs - LDAs	Programs related directly to children	Transportation & Fuel costs	Administrative Costs	Other Covid related expenses
	\$13,504.80				\$5,618.75			\$276,665.00	\$151,539.88					\$108,884.50
	\$68,040.00													
	\$19,813.50													
	\$6,091.20													
	\$22,577.84													
	\$13,200.00													
	\$6,091.20													
	\$30,240.00													
	\$47,642.50													
	\$13,200.00													
	\$25,460.00													
	\$24,883.20													
	\$13,200.00													
	\$18,720.00													
	\$24,883.20													
	\$19,813.50													
	\$46,200.00													
	\$1,577.60													
	\$1,660.90													
	\$2,294.60													
	\$2,746.80													

NJDA CARES GRANT FUNDING - NJ DEPARTMENT OF TREASURY Response to Covid-19 Expenses

June 2020 Expenses	Non-USDA Foods	Purchases Local Agriculture	Equipment Purchases	Supplies	Staffing	Facilities - allocation of funds	Technology - allocation of funds	Purchase Prepared Meals	Equipment needs - LDAs	Food needs - LDAs	Programs related directly to children	Transportation & Fuel costs	Administrative Costs	Other Covid related expenses
	\$6,642.24	\$4,536.00			\$5,930.50			\$249,925.00		\$1,030,000.00				
	\$12,736.80													
	\$439.20													
	\$38,500.00													
	\$26,071.20													
	\$24,261.12													
Summary of expenses	\$108,650.56	\$4,536.00	\$0.00	\$0.00	\$5,930.50	\$0.00	\$0.00	\$249,925.00	\$0.00	\$1,030,000.00	\$0.00	\$0.00	\$0.00	\$0.00

NJDA CARES GRANT FUNDING - NJ DEPARTMENT OF TREASURY Response to Covid-19 Expenses

July 2020 Expenses	Non-USDA Foods	Purchases Local Agriculture	Equipment Purchases	Supplies	Staffing	Facilities - allocation of funds	Technology - allocation of funds	Purchase Prepared Meals	Equipment needs - LDAs	Food needs - LDAs	Programs related directly to children	Transportation & Fuel costs	Administrative Costs	Other Covid related expenses
	\$22,771.50				\$7,960.50			\$57,075.00			\$25,000.00			
	\$25,536.00													
	\$19,354.50													
	\$22,797.00													
	\$12,960.00													
	\$21,168.00													
	\$37,945.60													
	\$55,520.64													
	\$21,168.00													
	\$21,168.00													
	\$29,877.50													
	\$45,058.50													
	\$62,100.00													
Summary of expenses	\$397,425.24	\$0.00	\$0.00	\$0.00	\$7,960.50	\$0.00	\$0.00	\$57,075.00	\$0.00	\$0.00	\$25,000.00	\$0.00	\$0.00	\$0.00

NJDA CARES GRANT FUNDING - NJ DEPARTMENT OF TREASURY    Response to Covid-19 Expenses														
August 2020 Expenses	Non-USDA Foods	Purchases Local Agriculture	Equipment Purchases	Supplies	Staffing	Facilities - allocation of funds	Technology - allocation of funds	Purchase Prepared Meals	Equipment needs - LDAs	Food needs - LDAs	Programs related directly to children	Transportation & Fuel costs	Administrative Costs	Other Covid related expenses
	\$82,524.00				\$3,973.00			\$39,930.00						
	\$29,952.00													
	\$27,907.20													
	\$45,058.50													
	\$20,322.90													
	\$18,502.40													
	\$17,124.80													
	\$26,265.60													
	\$28,388.64													
	\$21,092.40													







NJDA CARES GRANT FUNDING - NJ DEPARTMENT OF TREASURY Response to Covid-19 Expenses

[illegible]



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## New Jersey Department of Agriculture's Engagement Query for Integrity Oversight Monitor

**Prepared For:**

The New Jersey Department of Agriculture

**Attention:**

State Contract Manager

Mona Cartwright, Fiscal Manager, Department of the Treasury

[REDACTED]

**Cc:**

New Jersey Department of Agriculture:

Catherine Jackson ([REDACTED])

David Giallella ([REDACTED])

December 10, 2020

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

December 10, 2020

**Request for Quotation ("RFQ"): New Jersey Department of Agriculture's Engagement Query for Integrity Oversight Monitor**

Dear Ms. Cartwright,

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

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

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

Please contact Paul Ryan at 212-845-7517 or [pryan@k2intelligence.com](mailto:pryan@k2intelligence.com) if you have any questions regarding this proposal.

Yours sincerely,



Snezana Gebauer  
Executive Managing Director

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# 1. About K2 Intelligence Financial Integrity Network

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


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

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

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

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

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



FOR MORE THAN TWENTY YEARS, WE HAVE  
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COMPETENCY OF OUR FIRM.

## 2. Relevant Experience

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

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

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

Martin Aronchick, K2-FIN's proposed Program Manager, has worked on various disaster recovery and integrity monitoring projects throughout his time at K2-FIN. In his role, he has served as the project manager for integrity monitoring teams for WTC site reconstruction projects, including substantial Hurricane Sandy recovery work. In addition, Martin served as the project manager on the Moynihan Train Hall project.

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

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



recommendations to strengthen federal regulatory compliance reporting, performed risk assessments of policies and procedures relating to assistance application processing, and performed reviews to ensure compliance with established policies and procedures.

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

Branch of NJT's Morris & Essex Line damaged as a result of Superstorm Sandy. K2 monitored the work of the contractor and conducted field spot checks on work performed in the field to ensure that NJT policies and procedures were followed.

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



procurement, contracting, compliance, cost eligibility, contract management, invoicing, payment, are in place to comply with applicable State and Federal guidelines and regulations and to test and monitor control environments.

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

### 3. Background and Our Understanding of Your Needs

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

We also understand that the NJDA, Division of Food & Nutrition (“FNS”) received \$224,945,025 from USDA specifically for Covid-19 related meals. These funds were used to pay National School Lunch/Breakfast, Special Milk, Child and Adult Care Food and Summer Food Service Program claims for reimbursement, for March 2020 through September 2020 claims. The NJDA, FNS also received \$25,000,000 in NJ CARES Act funds through an MOU executed between the NJ Department of the Treasury and the NJDA. 100% of these funds were allocated to NJDA sub-recipient Emergency Feeding Organizations (“EFOs”) to address the gaps of food sourcing and fight food insecurity in NJ by responding to the consequences of the COVID-19 public health emergency. These funds reimbursed the EFOs for their COVID-19 related allowable costs incurred from 3/1/2020 thru 12/1/2020.

Pursuant to the IOM Guidelines, the NJDA now wishes to retain an Integrity Oversight Monitor (“IOM”) to review the NJDA’s use of CARES Act funding for the two programs described above, to ensure compliance with all necessary spending and reporting requirements. We are not aware of any potential conflict of interest that would prevent us from serving in this capacity.

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

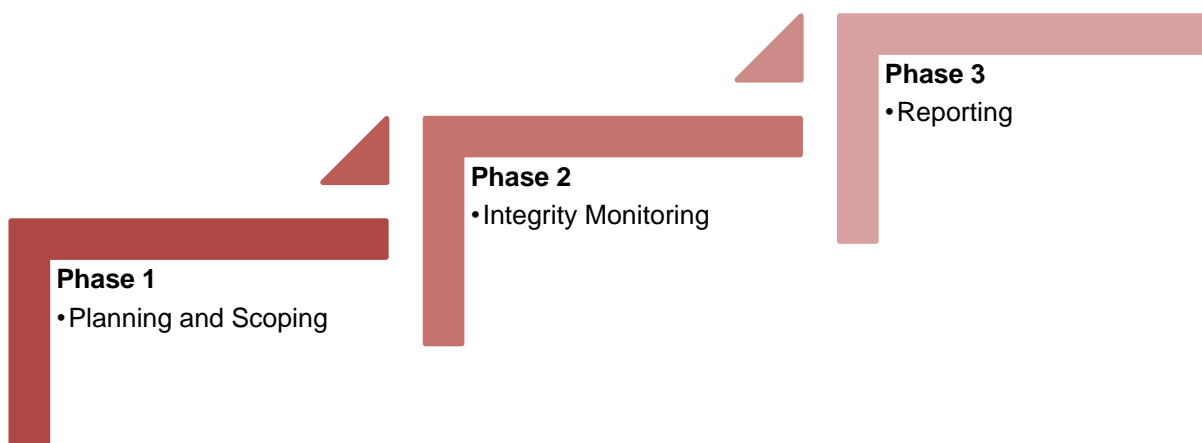
#### **Monitoring**

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

- Evaluating program performance;
- Evaluating internal controls;
- Validating compliance regarding use and reporting requirements for CRF Funds;
- Interviewing staff;
- Sampling eligibility determinations and denials of applications;
- Reviewing document retention policies and processes;
- Other tasks listed in the IOM Guidelines or deemed appropriate as directed by NJDA; and
- Promptly respond to any inquiries from the Office of the State Comptroller (“OSC”) regarding Tasks under this Engagement.

## 4. Proposed Approach

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



### 4.1.1. Phase 1: Planning and Scoping

#### OBJECTIVE

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

#### 4.1.1.1. Key Work Steps

This will include the following work steps:

- Project kickoff meeting
  - During this initial phase of work, K2-FIN will coordinate a project kickoff meeting with key NJDA personnel.
  - The purpose of the kickoff meeting is to ensure that all stakeholders are aligned on the project objectives, scope, timelines, and deliverables.
- Preparation of an Information Request
  - K2-FIN will prepare a Preliminary Information Request including relevant policies, procedures, and internal controls implemented by NJDA. This may include, but will not necessarily be limited to the following:
    - Documentation evidencing processes, controls and technologies implemented to support the execution of Section 5001 of the CARES Act

- Results of quality assurance reviews and assessments associated with the payments process to ensure that they are following Federal and State regulations
- Grants management policies and procedures
- Accounting policies and procedures including, but not limited, procurement, payments, expense reimbursement process, financial reporting, and accounts reconciliation process
- Code of conduct, compliance program, and other governance related documentation
- Results of the NJDA's prior risk assessment and related risk and control matrix
- Audit reports including the identification of prior internal control deficiencies and management's response regarding the same
- Finalized workplan
  - At the conclusion of this phase of work, K2-FIN will provide a final audit plan for review and finalization
  - The audit plan will be a tailored version of this approach document and include project-specific objectives and key work steps

#### **4.1.2. Phase 2: Integrity Monitoring**

##### **OBJECTIVE**

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

##### **4.1.2.1. Key Work Steps**

K2-FIN understands the importance of NJDA's deadlines, and as such, will be nimble in its approach to conducting its tasks timely and efficiently. We understand from the Engagement Query that the monitoring will include a sample of sponsors of National School Lunch/Breakfast, Special Milk, Child and Adult Care Food, and Summer Food Service Programs ("meal program sponsors") and two Emergency Feeding Organizations ("EFOs"). We will perform our monitoring of meal program sponsors remotely. Given the short deadline for this engagement, we will also aim to perform our monitoring of EFOs remotely; an EFO site visit will be considered only if a sample of EFOs with records that can be transmitted electronically cannot be identified.

K2-FIN professionals will work closely with designated NJDA personnel to coordinate and perform the following tasks.

- Conduct interviews of NJDA personnel to discuss program requirements, management and use of grant funds and the results of the risk assessment. The following is a preliminary listing of personnel and roles that may be included in our interviews:
  - COVID-19 Recovery Programs Accountability Officer
  - COVID-19 Recovery Programs Managers
  - Accounting and Finance Staff
- Review of NJDA's internal risk assessment to develop an understanding of the potential inherent operational and fraud risks associated with NJDA's COVID-19 Recovery Programs, including the

risks of asset misappropriation, financial reporting fraud, and violation of Federal or State laws, regulations, or established grant management protocols.

- Review relevant agreements and policies and procedures identified and collected as part of the planning and scoping phase (e.g., financial and performance reports, recent audit results, documented communications with the NJDA, prior monitoring reports).
- Due to the deadlines stated in the Engagement Query, we will work closely with NJDA to select a risk-based population of programs, participants, and transactions subject to monitoring. This may include the following:
  - With respect to the National School Lunch/Breakfast, Special Milk, Child and Adult Care Food, and Summer Food Service Programs (\$224,945,025 in CARES Act funding), we will select a risk-based sample of two school meal programs that received funding. This will be based on such factors as the program size, quantity of participants, and number of sites. For each of the selected program/participant, we will select a risk-based sample of one monthly reimbursement request for follow-up testing.
  - With respect to the EFOs (\$25 million in CARES Act Funding), we will select a risk-based sample of two of the six EFOs that received funding. This will be based on such factors as the program size, quantity of participants, and number of sites. For each of the selected program/participant, we will select a risk-based sample of their tracking reports and related receipts (approximately 300 receipts for each EFO) to ensure proper expenditures have been made. We understand that this may require travel to the EFOs' physical locations if records/receipts cannot be transmitted electronically; however, in view of the limited time available for this engagement, we will work with the NJDA to identify sample EFOs that have records/receipts that can be transmitted electronically.
- We will coordinate the selection with NJDA to avoid possible duplication and leverage existing monitoring of sponsors under current controls and self-reporting requirements.
- We will review the documentation provided, and evaluate the reimbursement requests, using reimbursement rates provided by NJDA personnel, for compliance with applicable internal agency controls.
- Assess whether the documentation submitted by the meal program sponsors and EFOs demonstrates compliance with meal reimbursement program general terms, special conditions, and applicable laws and regulations.
- Evaluate whether documentation to support CRF reimbursement requests submitted to NJDA is being retained, as required by applicable Federal and State regulations: in NJDA's electronic systems for meal program sponsors, and in its document retention systems for sampled EFOs.
- Identification of potential exceptions based on the transaction testing. This will include potential exceptions to established controls as well as potential indicators of fraud, waste, or abuse.
- Conduct follow-up inquiry to obtain an understanding of the root cause of the exception.
- Provide recommendations regarding control remediation and to promote operational efficiency for future emergency funding.

### 4.1.3. Phase 3: Reporting

#### OBJECTIVE

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

#### 4.1.3.1. Key Work Steps

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

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

## 5. Anticipated Deliverables and Timeline

The following chart represents the anticipated deliverables and timeline, based on a December 15, 2020 starting date for the engagement:

Phases of Work	Anticipated Deliverables	Anticipated Delivery Date
Phase 1: Planning and scoping	<ul style="list-style-type: none"><li>• Information request</li><li>• Detailed audit plan</li></ul>	<ul style="list-style-type: none"><li>• December 16, 2020</li></ul>
Phase 2: Integrity Monitoring	<ul style="list-style-type: none"><li>• Assessment of sample that was monitored</li><li>• Exceptions identified and management response</li><li>• Recommendations for control enhancements</li></ul>	<ul style="list-style-type: none"><li>• Ongoing</li></ul>
Phase 3: Reporting	<ul style="list-style-type: none"><li>• Draft IM Report</li><li>• Final IM Report</li></ul>	<ul style="list-style-type: none"><li>• Draft Quarterly IM Report - December 21, 2020</li><li>• Final Quarterly IM Report - December 30, 2020</li></ul>

The project schedule and completion dates are contingent upon the commencement of the engagement on December 15, 2020, substantial production / access to required information by December 16, 2020, timely production of follow-up information requested, and cooperation from NJDA personnel subject to interviews. K2 will promptly report any such delays in writing to project stakeholders in an effort to remediate the concerns. Given the condensed project schedule, any delays in the production of required information will have a significant impact on our ability to meet the above deadlines.



## 6. Our Team

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



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

Program Manager		
Name	Title	Key Experience
Martin Aronchick	Managing Director	<ul style="list-style-type: none"> <li>More than 30 years' experience in overseeing and conducting investigations of fraud and other crimes, and more than 25 years' experience in designing and implementing integrity monitorships, both in public service and in private practice</li> <li>Project Manager for major engagements, including WTC reconstruction, the Moynihan Project, and</li> </ul>

		<p>current NJ Transit and NJ Dept. of Environmental Protection engagements</p> <ul style="list-style-type: none"> <li>• Extensive disaster recovery integrity monitoring experience on WTC engagements</li> </ul>
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Project Managers		
Name	Title	Key Experience
Scott Millman	Senior Director	<ul style="list-style-type: none"> <li>• Over two decades of experience in providing governance, risk, and compliance management consulting enabling public entities to build and sustain effective risk management and internal audit programs</li> <li>• Lead teams in performing integrity monitoring services to focused to uncover fraud, waste, and abuse to support various state government agencies</li> <li>• Involved in compliance review for large disaster recovery projects funded with Federal grants containing strict funding requirements</li> </ul>
Robert Thompson	Senior Director	<ul style="list-style-type: none"> <li>• Professional with over six years of forensic and investigative experience, performing forensic investigations, controls and compliance reviews, and integrity monitorships to identify fraud, waste, and abuse</li> <li>• Responsible for performing gap analyses on projects to assess and identify risks and gaps for projects and to make recommendations to enhance processes and protocols</li> </ul>

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



## 7. Detailed Budget

Based on our understanding of NJDOE's needs and proposed scope of work described above, K2-FIN anticipates that the project budget will \$98,255. Please refer to the table below for additional details.

Tasks	Principal	Program Manager	Project Manager	Supervisory/ Senior Consultant	Consultant	Total
<b>Rates</b>	\$340	\$325	\$290	\$220	\$195	
<b>Planning and information gathering</b>	2	8	8	8	0	26
<b>Integrity Monitoring</b>	6	35	90	50	45	226
<b>Status update reporting, and preparing of final deliverables</b>	7	35	35	35	0	112
<b>Total Hours</b>	15	78	133	93	45	364
<b>Total Cost</b>	\$5,100	\$25,350	\$38,570	\$20,460	\$8,775	\$98,255

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



## Paul E. Ryan

Senior Managing Director  
New York

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

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

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

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

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

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



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NETWORK

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

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



## Martin Charles Aronchick

Managing Director  
New York

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Martin C. Aronchick is a managing director at K2 Intelligence Financial Integrity Network (K2-FIN), based in New York. With extensive experience overseeing and implementing monitorships, corporate internal investigations, compliance programs, and due diligence matters, Martin manages a multidisciplinary team of professionals that works with companies in industries such as construction and transportation to establish, implement, and monitor industry-appropriate controls. Working closely with clients, he performs detailed risk assessments—including the close examination of existing processes and contracts—and makes recommendations tailored to the regulatory challenges each client is facing.

Martin had a distinguished career in public service as a member of the Executive Committee of the New York State Organized Crime Task Force, where he served as the attorney in charge of civil enforcement; in similar roles with the NYC School Construction Authority Office of Inspector General; and as an Assistant Chief of the Affirmative Litigation Division in the New York City Corporation Counsel's Office. In these positions, Martin supervised and conducted investigations of a vast array of criminal schemes. He also designed and implemented civil litigation strategies and other remedies to address and resolve the problems of fraud, corruption, organized crime, and other forms of criminality in various industries.

Prior to his public service career, Martin was an associate in the general litigation department of Weil, Gotshal & Manges. Martin was a law secretary to Hon. Worrall F. Mountain, Justice of the New Jersey Supreme Court.

Martin received a J.D. from Rutgers School of Law and a B.A. in political science, with highest distinction, from Rutgers College. He is admitted to practice law in New York, New Jersey, and the District of Columbia, and before the U.S. District Courts for the Southern and Eastern Districts of New York and the District of New Jersey.





## Relevant Project Experience:

- Project Manager for the K2 integrity monitoring team for the \$4.5 Billion WTC Transportation Hub project from 2006 to 2017. For a further description of the project, start, and end date, and corresponding contact information, please refer to Section 3; for a detailed description of my responsibilities, please see below.
- Project Manager for the K2 integrity monitoring team for the \$1.5 Billion Moynihan Reconstruction project from 2017 to 2019. For a further description of the project, start, and end date, and corresponding contact information, please refer to Section 3; for a detailed description of my responsibilities, please see below.
- Project Manager for the K2 integrity monitoring team for the \$380 Million NJ DEP Rebuild By Design Hudson River and Meadowlands projects from 2019 to present. For a further description of the project, start, and end date, and corresponding contact information, please refer to Section 3; for a detailed description of my responsibilities, please see below.
- Project Manager for the K2 integrity monitoring team for NJ Transit's Sandy Recovery consulting contracts with HNTB and BEM Environmental from 2019 to present. For further description of the project, start and end date, and corresponding contact information, please refer to Section 3

As Project Manager on each of these engagements, my responsibilities have included and for current assignments, currently include:

- directing the production of the risk assessment and periodic work plans, in accordance with client priorities;
- managing the multi-disciplinary teams so their actions were coordinated and in line with the work plans;
- directing focused inquiries into integrity or fraud red flags;
- developing next steps options where there were integrity or fraud positive findings;
- communicating integrity or fraud positive findings and next steps options to the client, and managing the team's next steps in accordance with client directions;
- managing the team's deliverables and budget;
- maintaining regular communications with the client; and
- achieving client satisfaction.



## Scott Millman

Senior Director  
New York



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Scott Millman is a senior director in K2 Intelligence Financial Integrity Network's (K2-FIN) Investigations and Disputes practice, based in New York. Working with clients in both the public and private sectors, he handles complex forensic accounting projects focused on combating fraud, waste, and abuse issues. Scott also oversees integrity monitoring projects and helps clients evaluate and implement oversight programs by performing internal and external audits as well as risk assessments.

Before joining K2-FIN, Scott was a manager at CohnReznick, where he performed integrity oversight monitoring and compliance reviews to determine Community Development Block Grant Disaster Recovery (CDBG-DR) eligibility. He also gained expertise investigating prevailing wage discrepancies and performing financial audits of drawdowns and overhead rates relating to the Superstorm Sandy Funding process and repair work.

Scott has several years of diversified accounting experience with an extensive background in providing audit and accounting services to large banking and investment institutions.

Scott received his M.S. in accounting from Fairleigh Dickinson University, his M.B.A. in finance from Loyola College in Maryland, and his B.A. in political science from the University of Delaware.

### **Relevant Project Experience**

#### **New Jersey Department of Environmental Protection**

Scott is a key member of the audit team in our integrity monitoring of two projects funded by grants received for the Rebuild by Design program. Scott reviews records for compliance with all Federal and state regulations, including but not limited to HUD CDBG-DR and prevailing wage. As a member of the team, he works with NJDEP personnel in making recommendations to better enhance controls, policies, and procedures on both projects.



## Robert Thompson, EIT, ENV SP

Senior Director  
New York



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Robert Thompson is a senior director with K2 Intelligence Financial Integrity Network's (K2-FIN) Investigation and Disputes practice. He specializes in forensic investigations, controls and compliance reviews, and integrity monitorships to identify fraud, waste, or abuse on various public and private sector projects. Robert has performed gap analysis on projects to assess and identify risks and gaps for construction projects, and to make recommendations and conduct active monitoring to assure that these processes and protocols are operating sufficiently. Robert also has experience in auditing project compliance with various federal funding sources, such as HUD CDBG-DR and FTA/FRA Buy America/n requirements.

Prior to joining K2 Intelligence in 2014, Robert worked as a bridge engineer with Wilson Consulting Group, where he worked on all aspects of bridge and transportation design, including final and preliminary bridge design calculations and foundation designs, performed temporary works (jacking, cribbing, shoring, falsework, overhang designs) design and NBIS routine bridge inspections. Robert conducted unique site inspections for projects including the replacement of historic truss bridges in Lebanon County and restoration of an abandoned railroad bridges. Robert also performed load rating analyses, worked on design-build proposals, performed bridge and roadway quantities, and performed permitting work.

Robert received a B.S. in Civil Engineering from Manhattan College, NY. He is an Engineer in Training and an Envision Sustainability Professional.

### Relevant Project Experience

#### **Moynihan Train Hall (2017 – Present)**

Robert is the lead engineer on the Moynihan Train Hall project and has been working on the project since 2017. Robert regularly conducts internal control reviews and risk assessments to formulate and execute risk-based audit plans. Robert has a diverse knowledge of the project payment processes and the construction progress, to monitor for fraud, waste and abuse Robert conducts various audits of the construction processes



and the project processes and monitors the payment process closely given the public private partnership that exists on the project.

### **New York Governor's Office of Storm Recovery – Buyouts and Acquisitions Program (2015 – 2016)**

Robert has experience with federal and state funded programs including the Governor's Office of Storm Recovery Buyouts & Acquisitions program (2015 – 2016), in which the State of New York offered buyouts to residents in the communities of Staten Island and Long Island (among others) whose homes were damaged in Hurricane Sandy. These homes were to be demolished, and in some cases returned to wetlands or other zoned areas. In this engagement Robert conducted audits, reviews, and site visits to monitor for fraud, waste and abuse and to verify compliance with HUD CDBG-DR requirements, New York State requirements and that activity on site was in conformance with the applicable rules and regulations.

### **Metropolitan Transportation Authority East Side Access (2015 – Present)**

Robert has extensive experience with the Metropolitan Transit Authority's East Side Access project, which involves connecting the Long Island Railroad to Grand Central Terminus in New York City by constructing a tunnel from Queens under the Hudson River and constructing a concourse area under the current Grand Central Concourse. Robert is the lead engineer on this project and performs both on site and remote monitoring to assure that contractual documentation is being followed on site, is being produced when necessary, and that required local, state and federal requirements are being followed. On this project reviews for fraud, waste and abuse are performed in areas such as Buy America/n safety, security, quality, sufficiency of documentation, change orders, product substitution, and evaluations of protocols and procedures to assure there are no gaps in what is the responsibility of the MTA and what is the responsibility of the project team.